



Corporate Office & Communication Address:

401 Aza House, 24, Turner Road, Bandra (W), Mumbai 400 050. Website: www.panamapetro.com
Phone : 91-22-4217777 | Fax : 91-22-4217788 | E-mail : ho@panamapetro.com
CIN No. L23209GJ1982PLC005062

August 04, 2023

BSE Limited

Pjroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai 400 001
Scrip Code: 524820

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C/1
G Block, BKC, Mumbai-400 051
Scrip Symbol : PANAMAPET

Sub: Annual Report - Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual Report for the financial year 2022-23, including the Notice convening the Annual General Meeting is attached herewith.

The Annual Report of the Company is also available on the website of the Company at www.panamapetro.com

We request you to take the same on your records.

Thanking You.

Yours faithfully,
For **PANAMA PETROCHEM LIMITED**

Gayatri Sharma
Company Secretary & Compliance Officer



41st Annual Report
2022-23

CHAIRMAN'S STATEMENT

“
*Moving towards
a stronger
tomorrow*”



Amirali Rayani
Chairman

It is my privilege to write to you as the Chairman of Panama Petrochem Limited and report to you that your Company has once again delivered consistent operating performance, strong capital structure and liquidity position with healthy debt protection metrics.

I feel honored to share with you all, that the Company during its 41 years of existence has constantly evolved to stay relevant and meet the needs of its customers while simultaneously continued to contribute in building sustainable environment for the society at large and upheld the principles of Panama Petrochem Limited.

Your Company continues to follow highest standards of corporate governance and considers it as more of an ethical requisite than a regulatory necessity. It is a matter of great pride that our success over the years has come without ever compromising on integrity, environmental and social obligations.

I am thus pleased to share with you the 41st Annual Report for the Financial Year 2022-23.

Your Company's total operating income grew by around 5% in F.Y. 2022-2023 majorly due to improved sales realizations. The operating profitability margins have remained stable at 13.74% during the financial year ended March 31, 2023. This was on account of healthy capacity utilization of its manufacturing facilities with favourable changes in the product mix towards a higher share of value-added products and other cost-control measures being implemented over a period of time.

The Company has also witnessed an enhancement in the liquidity profile, backed by improvement in operating cycle, significant cash balance and low utilization of working capital limits.

Although, we continue to derive our strength from the experience of our Directors in the petrochemical industry, with diverse product offerings and long-standing relationship with reputed clientele, however, we have experienced volatile situation throughout the year, being constrained by vulnerability of the fluctuations in forex rates and base oil prices which are crucial being a crude oil derivative, there had been a dramatic increases in the global interest rates, which resulted in high cost of finance of about ₹10 Cr. compared to ₹ 4 Cr. in the last year.

We had a notional exchange loss of around ₹ 12 Cr. The company's operations are also exposed to high competition in the industry from other established players. Despite these conditions, we have maintained EBITDA margins for the whole year of about 14%, repaid all the short-term debt and have become a debt-free Company in true sense. Additionally, the Company has also announced a final dividend of ₹ 5 in addition to the interim dividend of ₹ 3 per share, totalling to ₹ 8 per share equal to 400%, thus adhering to the dividend payout policy of the Company.



In our quest to achieving higher benchmarks, we have been expanding our operational footprint nationwide and globally, setting new standards for operational efficiencies, investing in global resources and redefining paradigms. Our focus on building long lasting and trusted relationships with our customers, partners, employees and other stakeholders, and the legacy of caring for our communities, remains the bedrock of our long-term sustenance.

Today as we reflect on our journey, it gives us immense pride to say that your Company has grown from strength to strength. We have expanded our market presence, strengthened strategic alliances and embraced innovation to remain at the forefront of our industry. Our commitment to excellence and relentless pursuit of customer satisfaction have earned us a stellar reputation and trust of countless individuals and businesses worldwide.

As we strive to lead in the petrochemical industry, we are also committed to safeguarding the environment for future generations and developing our business in a way that adds value to the local communities. We plan to set higher benchmarks in terms of development standards, foster a culture of creativity, collaboration and continuous learning within our organisation, we thrive to implement cutting-edge, eco-friendly technologies and processes of energy management.

I take this opportunity to express my utmost confidence in the capabilities of our entire team, acknowledge and place my sincere appreciation to the contributions of the Board of Directors, team members, employees, and supplier partners for their continuous and dedicated efforts, despite external pressures, I would also like to express my deepest gratitude to all our stakeholders for your continuing interest, commitment and support to the Company.

Together we can achieve greater and newer heights in the years to come.

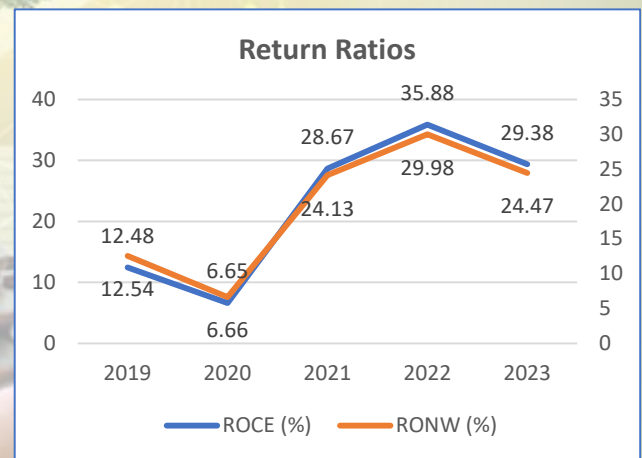
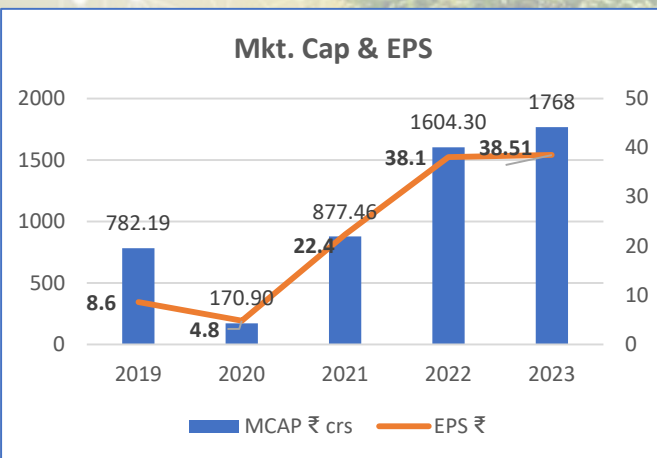
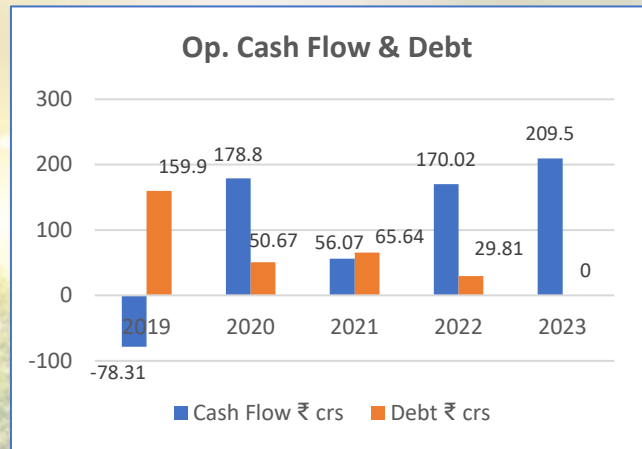
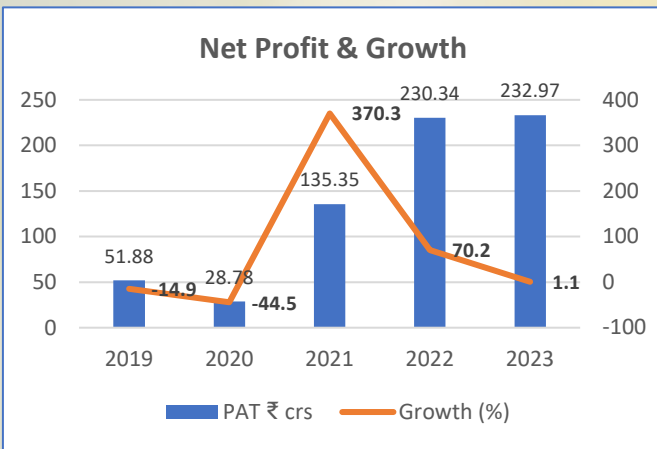
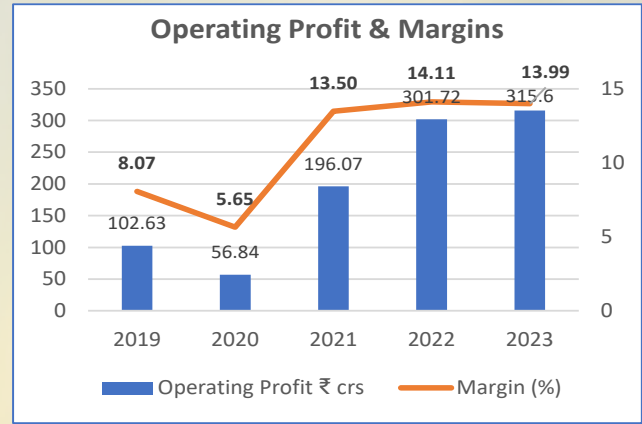
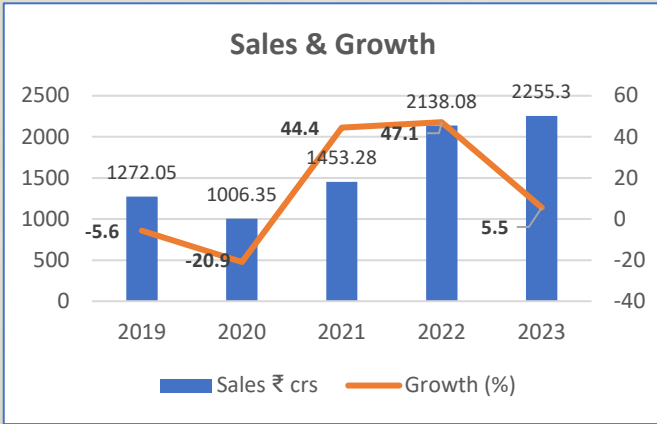
Best Wishes,

**Amirali Rayani
Chairman**





Financial & Operational Highlights



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Board of Directors

Mr. Amirali Rayani
Mr. Amin Rayani
Mr. Hussein Rayani
Mr. Samir Rayani
Mr. Madan Mohan Jain
Mr. Mukesh Mehta
Ms. Nargis Mirza Kabani
Mr. Kumar Raju Nandimandalam

Chairman (Executive)
Managing Director & CEO
Joint Managing Director
Executive Director
Independent Director
Independent Director
Independent Director
Independent Director

Chief Financial Officer

Mr. Pramod Maheshwari

Statutory Auditor

JMR & Associates LLP,
Chartered Accountants, Mumbai, India

**Company Secretary &
Compliance Officer**

Ms. Gayatri Sharma

Listed at

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

Bankers

HDFC Bank Limited
Citibank N.A.
IDFC First Bank Limited
Axis Bank Limited
Kotak Mahindra Bank Limited
Standard Chartered Bank Limited
Yes Bank Limited
IDBI Bank Limited
RBL Bank Limited
DCB Bank Limited

Registrar & Share Transfer Agents

Bigshare Services Private Limited
Office No S6-2, 6th Floor, Pinnacle Business
Park, Next to Ahura Centre, Mahakali Caves
Road, Andheri (East) Mumbai – 400093.
Maharashtra
Tel: 91-22- 62638200
Fax: 91-22- 62638299
E-mail: info@bigshareonline.com

Corporate Office

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

Registered Office

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

Plants

Ankleshwar, Daman, Taloja, and Dahej

**NOTICE**

CIN: L23209GJ1982PLC005062

Notice is hereby given that the **FORTY-FIRST ANNUAL GENERAL MEETING** of the Members of **PANAMA PETROCHEM LIMITED** will be held on **Tuesday, August 29, 2023** at 11:30 A.M. IST through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the financial year ended March 31, 2023 together with the Reports of the Board of Directors & Auditors thereon.
2. To confirm the payment of Interim Dividend and declare Final Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Hussein Rayani (DIN:00172165), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

Special Business:

4. To re-appoint Mr. Amirali Rayani (DIN:00002616) as Whole-time Director designated as Chairman (Executive) and in this regard, to consider and if thought fit, to pass the following resolution as **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the Members of the Company be and is hereby accorded to re-appoint Mr. Amirali Rayani (DIN:00002616) as a Whole-time Director, designated as Chairman(Executive), for a period of 5 (five) years from the expiry of his present term of office, i.e., with effect from June 29, 2024 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit;

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

5. To re-designate and appoint Mr. Samir Rayani (DIN:00002674) as the Managing Director and Chief Executive Officer of the Company, for a fresh term of five (5) years commencing from October 01, 2023 and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT, in accordance with the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any amendment thereto or re-enactment thereof for the time being in force) approval of the Members of the Company be and is hereby accorded to re-designate and appoint Mr. Samir Rayani (DIN:00002674) as the Managing Director and Chief Executive Officer of the Company, for a fresh term of five (5) years, commencing from October 01, 2023, from his earlier designation/appointment as an Executive Director of the Company, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit;

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

6. To appoint Mr. Ashok Mukhi (DIN:01262560) as an Independent Director and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 149, 150, 152 and 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for



the time being in force), Mr. Ashok Mukhi (DIN:01262560), who was appointed as an Additional Director, designated as an Independent Director, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term up of July 31, 2028;

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

7. To appoint Mr. Arvind Shah (DIN:01645534) as an Independent Director and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Sections 149, 150, 152 and 161 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Arvind Shah (DIN:01645534) who was appointed as an Additional Director, designated as an Independent Director, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term up to July 31, 2028;

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

8. To appoint Mr. Arif Rayani (DIN:00245647) as a Whole Time Director designated as Executive Director and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Section 152 read with other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Arif Rayani (DIN:00245647), who was appointed as an additional director in accordance with the provisions of Section 161(1) of the Act and the Articles of Association of the Company and who holds office up to the date of this meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Section 196,197 and 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any amendment thereto or re-enactment thereof for the time being in force), approval of the Members be and is hereby accorded for appointment of Mr. Arif Rayani (DIN:00245647) as Whole Time Director designated as Executive Director, liable to retire by rotation and to hold office for a term up to July 31, 2028, on such terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit;

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

9. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2024 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 0.022 Cr. (Rupees two lakhs & twenty thousand only) per annum plus out-of-pocket expenses payable to GMVP & Associates LLP, who are appointed as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2024.

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



Notes:

1. Pursuant to the General Circular No. 10/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs (MCA) and Circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC/OAVM, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company for F.Y. 2022-2023, is being held through VC/OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and cast vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held through VC/OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice herewith.
3. Institutional / Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through e-voting facility. The said Resolution/Authorization shall be sent to the Company by email through its registered email address to cs@panamapetro.com.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto. The relevant details, pursuant to 36(3) of the Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of a Director seeking appointment/re-appointment at this AGM are also annexed herewith.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 23, 2023 to Friday, August 25, 2023 (both days inclusive).

Payment of final dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be payable to those Shareholders holding shares in electronic form as per the beneficiary position downloaded from the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) as at the close of business hours on Tuesday, August 22, 2023 and to those Members holding shares in physical form, after giving effect to valid transmission and transposition in respect of valid requests lodged with the Company as at close of business hours i.e. Tuesday, August 22, 2023. Dividend will be paid within two weeks from the date of declaration of dividend.

6. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc. :
 - a. **For shares held in electronic form:** to their Depository Participants (DPs)
 - b. **For shares held in physical form:** to the Company/Registrar and Transfer Agent pursuant to the relevant SEBI Circulars, in the prescribed ISR Forms. The said forms have been made available on the website of the Company and letters have also been sent to the shareholders for furnishing the required details.
7. In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialization, members are advised to dematerialize the shares held by them in physical form. Members can contact the Company or to the Company's Share Registrar and Transfer Agents (M/s Bigshare Services Pvt. Ltd.), for assistance in this regard.
8. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company at least one week before the meeting through email on cs@panamapetro.com.
9. In line with the MCA and SEBI Circulars, the Notice of the AGM along with the Annual Report for F.Y. 2022-2023 is being sent by electronic mode to those Members whose email addresses are registered with the Company/Depository Participants, unless any member has requested for a physical copy of the same. The Company shall send a physical copy of the Annual Report for F.Y. 2022-2023 to those members who request the same at cs@panamapetro.com. However, such request shall be processed only if received from the registered e-mail id of the shareholder mentioning their Folio No. / DP ID and Client ID. Members may note that the Notice and Annual Report for F.Y. 2022-2023 will also be available on the Company's website: www.panamapetro.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.



10. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 01, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to register their PAN with the RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and whose income does not exceed maximum amount not chargeable to tax or who is not liable to pay income tax, as the case may be, can submit a yearly declaration in Form No.15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to tds@bigshareonline.com by **August 14, 2023**. Shareholders are requested to note that in case their PAN is not registered or having invalid PAN or Specified Person as defined under Section 206AB of the Income-tax Act, the tax will be deducted at a higher rate prescribed under Section 206AA or 206AB of the Income-tax Act, as applicable.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by e-mail to tds@bigshareonline.com. The aforesaid declarations and documents need to be submitted by the shareholders on or before **August 14, 2023**.

11. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
12. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting **Form No. SH-13**. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in **Form ISR-3 or SH-14** as the case may be. The said forms can be downloaded from the Company's website: www.panamapetro.com. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to Bigshare Services Pvt. Ltd. in case the shares are held in physical form via e-mail at investor@bigshareonline.com
13. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
14. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, members are requested to claim their dividends from the Company, without any delay. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web **Form No. IEPF-5** available on www.iepf.gov.in.
15. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
16. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 the Company is providing facility of e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
17. The remote e-voting facility shall be opened from, Saturday, August 26, 2023 at 9.00 A.M. to Monday, August 28, 2023 till 5.00 P.M., both days inclusive. The remote e-voting facility shall not be allowed beyond 5.00 P.M., on August 28, 2023. During the period when facility for remote e-voting is provided, the members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date/entitlement date, may opt for remote e-voting. Provided that once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
18. The Company has fixed, Tuesday, August 22, 2023, as the cut-off date for identifying the Shareholders for determining the eligibility to vote by electronic means. Instructions for exercising voting rights by e-voting are attached herewith and form part of this Notice. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners



maintained by the depositories as on the cut-off/entitlement date only shall be entitled to avail the facility of Remote e-voting as well as e-voting at the Annual General Meeting.

19. The Voting Rights will be reckoned on the paid-up value of shares registered in the name of shareholders on Tuesday, August 22, 2023, the cut-off date/entitlement date for identifying the Shareholders for determining the eligibility to vote by remote e-voting or e-voting at the AGM.
20. Mr. Milind Nirkhe, Company Secretary in Whole Time Practice, (CP No.2312) has been appointed as a Scrutinizer to scrutinize the e-voting during the AGM and remote e-voting process in a fair and transparent manner.
21. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.panamapetro.com and on the website of CDSL at www.evotingindia.com, immediately after the results are declared by the Chairman.
22. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.
23. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned hereunder in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on a first come first serve basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.
24. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period is opened from, Saturday, August 26, 2023 at 9.00 A.M. to Monday, August 28, 2023 till 5.00 P.M., both days inclusive. The remote e-voting facility shall not be allowed beyond 5.00 P.M., on August 28, 2023. During the period when the facility for remote e-voting is provided, the members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. August 22, 2023(cut-off) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the time of the meeting.
- (iii) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
- (iv) In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Pursuant to the above said SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 1) Users of who have opted for CDSL's Easi/Easiest facility, can login through their existing User Id and Password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi/Easiest are requested to visit CDSL Website www.cdslindia.com and click on Login icon and select New System Myeasi Tab. 2) After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by the Company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at www.cdslindia.com and click on Login icon and select New System Myeasi Tab and then click the registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and will also be able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on the Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period, or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.



Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider’s website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800225533
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 18001020990 and 1800224430

(v) Login method for e-Voting and joining virtual meeting for **physical shareholders and shareholders other than individual holding in Demat form:**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID:
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any Company, then your existing password is to be used.
- 6) If you are a first time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field.

(vi) After entering these details appropriately, click on “SUBMIT” tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting



for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN of Panama Petrochem Ltd. to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non-Individual Shareholders and Custodians- For Remote Voting Only.**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login will be mapped automatically & can be delinked in case of any wrong mapping.
 - It is mandatory that a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs@panamapetro.com, if they have voted from individual tab & not uploaded the same in the CDSL e-voting system for the scrutinizer to verify the same

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of the Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote again at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.



6. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at cs@panamapetro.com from August 21, 2023 (9:00 a.m. IST) to August 23, 2023 (5:00 p.m. IST).
8. The shareholders who do not wish to speak during the AGM but have queries may send their queries 7 days prior to the meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@panamapetro.com. These queries will be replied to by the Company suitably via email.
9. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
10. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM upto the expiry of 15 minutes from the conclusion of the AGM.
11. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to those shareholders attending the meeting.
12. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice of the AGM and is holding shares as on the cut-off date i.e. August 22, 2023 should follow the same procedure as mentioned above for e-Voting and for attending the AGM.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES:

1. For Physical shareholders- Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/ RTA email id.
2. For Demat shareholders- Please update your email id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders- Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending of AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800225533.

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

Date : July 10, 2023
Place : Mumbai

Gayatri Sharma
Company Secretary & Compliance Officer

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



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

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

Item No. 4

Mr. Amirali Rayani, aged 79 years, is the main promoter of the Company, he has been actively involved since its inception, playing a pivotal role in elevating the Company to its current heights. With an extensive background in the petroleum industry spanning over 50 years, Mr. Amirali Rayani brings a wealth of experience and expertise to the Company.

Mr. Amirali Rayani's profound contributions as the founder of Panama Petrochem Limited, his extensive experience in the petroleum industry, and his exceptional leadership skills have been vital in the Company's remarkable journey to success. His unwavering commitment to excellence continues to drive the Company forward, making him an invaluable asset to the organization.

The Board of Directors of the Company at its meeting held on July 10, 2023 has subject to approval of Members, re-appointed Mr. Amirali Rayani (DIN:00002616) as a Whole-time Director, designated as Chairman (Executive), for a period of 5 (five) years from the expiry of his present term of office, i.e., with effect from June 29, 2024 on such terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee of the Board. Members' approval is sought for the re-appointment of and remuneration payable to Mr. Amirali Rayani (DIN:00002616) as a Whole-time Director, designated as Chairman, of the Company through a special resolution, in terms of the applicable provisions of the Companies Act, 2013 (the "Act") and Regulation 17(6)(e) and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Amirali Rayani are as under:

A. Salary:

₹ 0.03 Cr. per month with annual increment at such rate as may be determined by the Board of Directors of the Company and/or the Nomination & Remuneration Committee of the Board.

B. Bonus:

As may be approved by the Board of Directors and/or the Nomination & Remuneration Committee of the Board of the Company.

C. Perquisites & allowance:

In addition to the salary and bonus, Mr. Amirali Rayani will also be entitled to perquisites and allowances including accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical assistance and leave travel concession for self and family including dependents. The said perquisites and allowances shall be determined, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be determined at actual cost.

D. Contribution to provident fund, superannuation or annuity fund, gratuity, etc.

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

E. Reimbursement of expenses:

Expenses incurred for travelling, boarding and lodging including spouse and attendant(s) during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

The overall remuneration payable every year to the Whole Time Director of the Company by way of salary, perquisites and allowances, incentive/bonus/performance linked incentive, etc., as the case may be, shall be within the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.



F. Nature of duties:

- (i) He will perform such duties as shall from time to time be entrusted to him by the Board.
- (ii) He will act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) He will adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of Mr. Amirali Rayani may be terminated by the Company or by him by giving, 3 (three) months' prior notice in writing.

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

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Amirali Rayani under Section 190 of the Act.

Mr. Amirali Rayani satisfies all the conditions set out in Part-I of Schedule V to the Act and also conditions set out under Section 196(3) of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

Further, Mr. Amirali Rayani has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed companies.

Details of Mr. Amirali Rayani pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, are provided in the notice convening this meeting.

Mr. Amirali Rayani is interested in the resolution set out at Item No. 4 of the Notice. Mr. Amin Rayani and Mr. Arif Rayani, being related to Mr. Amirali Rayani are interested in the resolution set out at Item No. 4 of the Notice. The other relatives of Mr. Amirali Rayani may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding, if any, in the Company.

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

Mr. Amirali Rayani who has attained the age of seventy nine years, thus pursuant to section 196 and other applicable sections of the Companies Act 2013, if any, read with Schedule V to the Act, the Board recommends the Special Resolution set out at Item No.4 of the Notice for approval by the shareholders.

Item No. 5

Consequent upon resignation of Mr. Amin Rayani as Managing Director & CEO, the Board of Directors of the Company, on the recommendation of Nomination and Remuneration Committee, in its meeting held on May 30, 2023, decided to re-designate and appoint Mr. Samir Rayani (DIN:00002674) as the Managing Director and Chief Executive Officer of the Company, for a fresh term of five (5) years, commencing from October 01, 2023, from his earlier designation/appointment as an Executive Director of the Company.

Mr. Samir Rayani has been associated with the Company for over 25 years as an Executive Director. With a strong focus on business development and manufacturing, he has played a significant role in the growth of the organization.

Throughout his extensive tenure, Mr. Samir Rayani has demonstrated exceptional leadership and strategic acumen, contributing significantly to the expansion and diversification of the Company's operations.

Considering Mr. Samir Rayani's exemplary credentials and extensive experience, the Board was of the view that he is the suitable person to be appointed/elevated as the Managing Director and Chief Executive Officer of your Company.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Samir Rayani are as under:



A. Salary:

₹ 0.0285 Cr. per month with annual increment at such rate, as may be determined by the Board of Directors of the Company and/or the Nomination & Remuneration Committee of the Board.

B. Bonus:

As may be approved by the Board of Directors and/or the Nomination & Remuneration Committee of the Board of the Company.

C. Perquisites & allowance:

In addition to the salary and bonus, Mr. Samir Rayani will also be entitled to perquisites and allowances including accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical assistance and leave travel concession for self and family including dependents. The said perquisites and allowances shall be determined, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be determined at actual cost.

D. Contribution to provident fund, superannuation or annuity fund, gratuity, etc.

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

E. Reimbursement of expenses:

Expenses incurred for travelling, boarding and lodging including spouse and attendant(s) during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

The overall remuneration payable every year to the Managing Director & CEO of the Company by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, etc., as the case may be, shall be within the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

The approval of Members is sought through Special Resolution in terms of the applicable provisions of Companies Act, 2013 and Regulation 17(6)(e) and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

F. Nature of duties:

- (i) He will perform his duties with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) He will act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) He will adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of Managing Director may be terminated by the Company or by him by giving, 3 (three) months' prior notice in writing.

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

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Samir Rayani under Section 190 of the Act.



Details of Mr. Samir Rayani pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, are provided in the notice convening this meeting.

Save and except Mr. Samir Rayani and his relatives (to the extent of their shareholding), none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Special Resolution set out at Item No.5 of the Notice for approval by the Members.

Item No. 6 & 7

The Nomination and Remuneration Committee, after evaluating and considering the skills, experiences, and knowledge, recommended the appointments of Mr. Ashok Mukhi (DIN:01262560) and Mr. Arvind Shah (DIN:01645534) as Independent Directors of the Company.

The Board of Directors subsequently in its meeting held on May 30, 2023 approved the appointments of Mr. Ashok Mukhi and Mr. Arvind Shah as Additional Directors, designated as Independent Directors of the Company, with effect from August 01, 2023 pursuant to the provisions of Section 161(1) of the Act read with the Articles of Association of the Company.

Mr. Ashok Mukhi and Mr. Arvind Shah are qualified to be appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has also received declarations from Mr. Ashok Mukhi and Mr. Arvind Shah that they meet the criteria of independence as prescribed both under Section 149(6) of the Act and under the Listing Regulations.

The Company has also received notices under Section 160 of the Act from shareholders proposing the candidatures of Mr. Ashok Mukhi and Mr. Arvind Shah for the office of Director of the Company.

In the opinion of the Board, Mr. Ashok Mukhi and Mr. Arvind Shah fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations. Mr. Ashok Mukhi and Mr. Arvind Shah are independent of the management and possess appropriate skills, experience and knowledge required for the role of Independent Directors.

Mr. Arvind Shah possesses deep understanding of taxation matters. He also possesses skills in strategic planning, financial, regulatory/legal matters, corporate governance, etc.

With a vast and diverse background in finance, marketing, sales and human resources, Mr. Ashok Mukhi brings a wealth of experience to his role. Moreover, he possesses a comprehensive skill set that encompasses financial expertise, exceptional leadership abilities, and a strong aptitude for sales and marketing strategies.

Mr. Mukhi has an extensive legal and business knowledge, exceptional interpersonal skills, and strong business acumen are poised to make a significant contribution towards the achievement of the company's business objectives.

In view of these, appointments Mr. Ashok Mukhi and Mr. Arvind Shah of Independent Directors are in the interest of the Company.

Details of Mr. Ashok Mukhi & Mr. Arvind Shah, pursuant to the provisions of (i) the Listing Regulations; and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India, are provided in the Notice.

They shall be paid remuneration by way of sitting fees for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings.

In accordance with the provisions of Section 149 read with Schedule IV to the Act and applicable provisions of the Listing Regulations, appointment of Independent Directors requires approval of members of the Company.

Further, according to Regulation 25(2A) of the Listing Regulations, the appointments of Mr. Ashok Mukhi and Mr. Arvind Shah as independent directors require the approval of the members by passing a special resolution. Additionally, Mr. Ashok Mukhi will attain the age of seventy-five years on July 27, 2026 in terms of Regulation 17(1A), the Company is required to obtain the approval of members by passing a special resolution before Mr. Ashok Mukhi attains the age of seventy-five years.

Accordingly, the approval of Members is sought for appointments of Mr. Ashok Mukhi and Mr. Arvind Shah as independent directors.

Save and except Mr. Ashok Mukhi and Mr. Arvind Shah and their relatives (to the extent of their shareholding, if any), none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution. The Board commends the Special Resolutions set out at Item No. 6 & 7 of the Notice for approval by the Members.



Item No. 8

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") and the Articles of Association of the Company, had appointed Mr. Arif Rayani (DIN:00245647) as an Additional Director of the Company with effect from August 01, 2023 in its meeting held on May 30, 2023.

Mr. Arif Rayani has been overseeing the critical aspects of marketing and production within the Company. With a remarkable tenure spanning since 1998, he has played a crucial role in the Company's growth and success, contributing significantly to its current achievements.

With an extensive experience and expertise in sales, marketing and production, Mr. Arif Rayani has been instrumental in developing and executing effective marketing strategies, driving brand recognition, and expanding the Company's market reach. In view of this, appointment of Mr. Arif Rayani as Whole-Time Director designated as Executive Director is in the best interest of the Company.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Arif Rayani are as under:

A. Salary:

₹ 0.0275 Cr. per month with annual increment at such rate as may be determined by the Board of Directors of the Company and/or the Nomination & Remuneration Committee of the Board.

B. Bonus:

As may be approved by the Board of Directors and/or the Nomination & Remuneration Committee of the Board of the Company.

C. Perquisites & allowance:

In addition to the salary and bonus, Mr. Arif Rayani will also be entitled to perquisites and allowances including accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical assistance and leave travel concession for self and family including dependents. The said perquisites and allowances shall be determined, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be determined at actual cost.

D. Contribution to provident fund, superannuation or annuity fund, gratuity, etc.

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

E. Reimbursement of expenses:

Expenses incurred for travelling, boarding and lodging including spouse and attendant(s) during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and not considered as perquisites.

The overall remuneration payable every year to the Whole Time Director of the Company by way of salary, perquisites and allowances, incentive/bonus/performance linked incentive, etc., as the case may be, shall be within the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

The approval of Members is sought through Special Resolution in terms of the applicable provisions of Companies Act, 2013 and Regulation 17(6)(e) and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

F. Nature of duties:

- (i) He will perform such duties as shall from time to time be entrusted to him by the Board/Managing Director, subject to superintendence, guidance and control of the Managing Director/Board.
- (ii) He will act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) He will adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.



- (iv) The office of Whole time Director may be terminated by the Company or by him by giving, 3 (three) months' prior notice in writing.

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

Mr. Arif Rayani is not disqualified from being appointed as a director in terms of Section 164 of the Act and has given his consent to act as a director.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Arif Rayani under Section 190 of the Act.

The Company has also received notices under Section 160 of the Act from shareholders proposing the candidatures of Mr. Arif Rayani for the office of Director of the Company.

Further, Mr. Arif Rayani has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed companies.

Details of Mr. Arif Rayani pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, are provided in the notice convening this meeting.

Mr. Arif Rayani is interested in the resolution set out at Item No. 8 of the Notice. Mr. Amin Rayani, Managing Director & CEO and Mr. Amirali Rayani, Chairman, being related to Mr. Arif Rayani are interested in the resolution set out at Item No. 8 of the Notice. The other relatives of Mr. Arif Rayani may be deemed to be interested in the resolution set out at Item No. 8 of the Notice, to the extent of their shareholding, if any, in the Company.

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

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the Members.

Item No. 9

The Board, on the recommendation of the Audit Committee, has approved the appointment of GMVP & Associates LLP, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2024 on remuneration of ₹ 0.022 Cr. (Rupees two lakhs & twenty thousand only) per annum plus out of pocket expenses, if any.

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

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

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

Date : July 10, 2023
Place : Mumbai

Gayatri Sharma
Company Secretary & Compliance Officer

Details of Directors seeking appointment/re-appointment at the AGM

[Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards-2 on General Meetings]

Name of Director	Mr. Ashok Mukhi	Mr. Arvind Shah	Mr. Samir Rayani
DIN	01262560	01645534	00002674
Date of Birth	27.07.1951	06.07.1958	19.12.1975
Date of Appointment	01.08.2023	01.08.2023	01.10.2023
Expertise in specific functional area/ skills and capabilities required for the role	<p>Mr. Ashok Mukhi is an esteemed pioneer in the retail franchising industry in India since 1993. He currently holds a prominent position in the Solar Group, which effectively manages over 70 stores for 15 renowned national and global brands. Throughout his career, Mr. Mukhi has received prestigious accolades at various national summits, acknowledging his exceptional contributions to the field.</p> <p>Mr. Ashok Mukhi brings a wealth of experience to his role, with an extensive legal and business knowledge, vast and diverse background in finance, marketing, sales and human resources with exceptional interpersonal skills, and strong business acumen are poised to make a significant contribution towards the achievement of the company's business objectives.</p>	<p>Mr. Arvind Shah is a highly accomplished professional with extensive expertise in the field of law, particularly in the area of income tax.</p> <p>With an impressive tenure of over a decade as an independent director in another listed company, he brings profound knowledge and extensive experience to the Company.</p> <p>His comprehensive knowledge of income tax laws enables him to provide invaluable guidance and strategic insights in matters related to taxation and financial planning.</p>	<p>Mr. Samir Rayani is a highly experienced and dedicated professional who has been associated with the Company for over 25 years as an Executive Director. With a strong focus on business development and manufacturing, he has played a significant role in the growth of the organization. Throughout his extensive tenure, Mr. Samir has demonstrated exceptional leadership and strategic acumen, contributing significantly to the expansion and diversification of the Company's operations. His deep understanding of market dynamics, coupled with his keen business insights, has enabled him to identify and capitalize on new opportunities, driving sustainable growth and profitability.</p>
Qualification	B.COM & LLB	B.COM & LLB (Gen.)	B.E. (Chemical)
Disclosure of relationship between Directors/KMP	Mr. Ashok Mukhi is not related to any Director or KMP of the Company.	Mr. Arvind Shah is not related to the Director or KMP of the Company.	Mr. Samir Rayani is not directly related to the Director or KMP of the Company.
Directorship held in other Companies (excluding foreign companies)	<ol style="list-style-type: none"> Solar Readymades Private Limited. Solar Estate Private Limited. Solar Creations Private Limited. Mineral Fashions Limited. Genre Lifestyle Private Limited. 	Veerhealth Care Limited	Panama Builders & Developers Private Limited.
Directorship/Membership of the Committee Board of other Listed Companies (including Listed Companies from which the Director has resigned in the past 3 years)	Nil	<ol style="list-style-type: none"> Audit Committee. Nomination & Remuneration Committee. Stakeholder Relationship Committee. 	Nil
No. of shares held in the Company	Nil	Nil	20,08,703
No. of Board Meetings attended during the year	N.A	N.A	4 out of 4
Details of remuneration last drawn	N.A	N.A	₹ 2.83 Cr.
Terms and conditions of re-appointment	As mentioned in Resolution No.6	As mentioned in Resolution No.7	As mentioned in Resolution No.5



Name of Director	Mr. Amirali Rayani	Mr. Arif Rayani	Mr. Hussein Rayani
DIN	00002616	00245647	00172165
Date of Birth	26.02.1944	07.02.1971	16.01.1978
Date of Appointment	09.03.1982	01.08.2023	01.12.2000
Expertise in specific functional area/ skills and capabilities required for the role	Mr. Amirali Rayani, is the main promoter of the Company, and has been actively involved since its inception, playing a pivotal role in elevating the Company to its current heights. With an extensive background in the petroleum industry spanning over 50 years, Mr. Amirali Rayani brings a wealth of experience and expertise to the Company, his profound contributions as the founder of Panama Petrochem Limited and his exceptional leadership skills have been vital in the Company's remarkable journey to success.	Mr. Arif Rayani has been overseeing the critical aspects of marketing and production within the Company. With a remarkable tenure spanning since 1998, he has played a pivotal role in the Company's growth and success, contributing significantly to its current achievements. With extensive experience and expertise in sales, marketing and production, Mr. Arif Rayani has been instrumental in expanding the company's market reach.	Mr. Hussein Rayani holds a Masters Degree in chemical engineering from the University of Southern California and has been associated with the Company for more than twenty years. He has a vast experience and expertise in the fields of production and marketing. Mr. Hussein Rayani has led multiple initiatives to accelerate production and sales of the Company, contributing significantly to the growth and diversification of the Company.
Qualification	Matriculate	Matriculate	Masters Degree in chemical engineering from the University of Southern California
Disclosure of relationship between Directors/KMP	Mr. Amirali Rayani is directly related to Mr. Amin Rayani (Son) and Mr. Arif Rayani (Son)	Mr. Arif Rayani is directly related to Mr. Amirali Rayani (Chairman) and Mr. Amin Rayani (Managing Director & CEO)	Mr. Hussein Rayani is not directly related to the Director or KMP of the Company.
Directorship held in other Companies (excluding foreign companies)	1. Ittefaq Ice & Cold Storage Private Limited 2. Panama Builders and Developers Private Limited	1. Anirudh Distributors Private Limited. 2. H.A. Constructions Private Limited. 3. Dunhill Development Private Limited. 4. Marigold Hospitality Services Private Limited	H.A. Constructions Private Limited
Directorship/Membership of the Committee Board of other Listed Companies (including Listed Companies from which the Director has resigned in the past 3 years)	Nil	Nil	Nil
No. of shares held in the Company	15,36,000	36,70,567	10,41,386
No. of Board Meetings attended during the year	4 out of 4	N.A	4 out of 4
Details of remuneration last drawn	₹ 2.86 Cr.	₹ 0.12 Cr.	₹ 2.83 Cr.
Terms and conditions of re-appointment	As mentioned in Resolution No.4	As mentioned in Resolution No.8	As per the resolution passed by the shareholders of the company on 38 th AGM held on September 08, 2020.

DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting the **FORTY FIRST** Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2023.

FINANCIAL HIGHLIGHTS

(₹ in Cr.)

Particulars	Standalone		Consolidated	
	Financial Year 2022-23	Financial Year 2021-22	Financial Year 2022-23	Financial Year 2021-22
Revenue from operations	1,708.24	1,539.56	2,248.72	2,132.35
Other income	6.22	5.55	6.58	5.73
Total income	1,714.46	1,545.11	2,255.30	2,138.08
Expenses				
Operating expenditure	1,456.11	1,308.11	1,939.75	1,836.35
Depreciation and amortization expense	6.10	5.44	9.43	8.41
Total expenses	1,462.21	1,313.55	1,949.18	1,844.76
Profit before finance costs, exceptional item and tax	252.25	231.56	306.12	293.32
Finance costs	10.10	4.24	11.57	7.06
Profit before exceptional item and tax	242.15	227.32	294.55	286.26
Exceptional item	0	0	0	0
Provision towards legal claim	0	0	0	0
Profit before tax	242.15	227.32	294.55	286.26
Tax expense	61.58	55.92	61.58	55.92
Profit for the year	180.57	171.40	232.97	230.34
Opening balance of retained earnings	531.97	384.77	648.63	442.49
Closing balance of retained earnings	658.10	531.97	821.92	648.63

OPERATIONAL PERFORMANCE

- Earnings before Interest, Depreciation, and Tax & Amortization (EBIDTA) on a standalone basis for F.Y. 2022-23 was ₹ 258.35 Cr., which has resulted in an increase of 9.01% in comparison with the previous year's EBIDTA.
- The Net profit after tax for F.Y.2022-23 was ₹ 180.57 Cr., as against ₹ 171.40 Cr. in the previous year, resulting in 5.35% increase.
- The Company's standalone revenue from operations for F.Y. 2022-23 was ₹ 1,708.24 Cr. which is an increase of 10.96% over the previous year's revenue.
- Additionally, the consolidated revenue from operations of the Company for the year ended March 31, 2023 was ₹ 2,248.72 Cr. which has increased by 5.46% on a Year on Year basis.
- Net Profit of the Company on a consolidated basis was ₹ 232.97 Cr. which has increased by 1.14% as that of the previous year.
- EPS on standalone basis improved to ₹ 29.85 as against ₹ 28.33 in the previous year.
- Furthermore, EPS on consolidated basis has increased to ₹ 38.51 from ₹ 38.08

DIVIDEND

The Board of Directors at its meeting held on May 30, 2023, has recommended payment of ₹ 5 (250%) per equity share of the face value of ₹ 2 each as final dividend for the financial year ended March 31, 2023. The payment of final dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) of the Company.



During the year under review, the Board of Directors of the Company at its meeting held on November 14, 2022, declared an Interim dividend of ₹ 3 (150%) per equity share of ₹ 2 each. The total dividend amount for the financial year 2022-23, including the proposed final dividend, amounts to ₹ 8 (400%) per equity share of the face value of ₹ 2 each.

The dividend recommended is in accordance with the Dividend Distribution Policy of the Company. The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is available on the Company's website:

<http://panamapetro.com/wp-content/uploads/2021/08/ddp-web.pdf>

The dividend payout ratio of the Company for the year under review is 20.77%. The total outflow towards dividend on Equity Shares for the year would be ₹ 48.39 Cr.

The dividend will be paid to the members holding shares in electronic form as per the beneficiary position downloaded from the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) as at the close of business hours on August 22, 2023 and to those Members holding shares in physical form, after giving effect to valid transmission and transposition in respect of valid requests lodged with the Company as at close of business hours, August 22, 2023. Dividend will be paid within two weeks from the date of declaration of dividend.

TRANSFER TO RESERVES

The Company does not propose to transfer any amount to the General Reserve out of the amount available for appropriations.

CREDIT RATING

Based on the financial and operational performance of the Company for the year under review, CARE Ratings Limited has reaffirmed the rating on long term bank facilities to 'CARE A+; Stable' and upgraded the rating on Short Term Bank Facilities to CARE A1+ from CARE A1.

ICRA Ratings Limited has upgraded its rating on long term bank facilities/fund based limits to [ICRA]A+(Stable) and on short-term bank facilities/non-fund based limits to [ICRA]A1+

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2023 was ₹ 12.10 Cr. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

MATERIAL CHANGES AFFECTING THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report. There has been no change in the nature of business of the Company.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As on March 31, 2023 your Company has only one subsidiary, **Panol Industries RMC FZE, UAE** which is registered outside India.

The Consolidated Financial Statements of the Company and its subsidiary are prepared in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS').

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

The Company has adopted a Policy for determining Material Subsidiaries in terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The Policy, as approved by the Board, is uploaded on the Company's website:

<http://panamapetro.com/wp-content/uploads/2015/12/msp.pdf>

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

**PERFORMANCE AND FINANCIAL POSITION OF PANOL INDUSTRIES RMC FZE**

Net sales of Panol Industries RMC FZE have decreased from ₹ 592.80 Cr. in the previous year to ₹ 540.48 Cr. during the F.Y. 2022-23. Net profit during the period reduced by 11.08% to ₹ 52.41 Cr., as compared to a net profit of ₹ 58.94 Cr. in the previous year.

Panol Industries RMC FZE, UAE, is a wholly owned subsidiary of the Company. The Company has a manufacturing facility in Ras Al Khaimah (UAE) with the objective of manufacturing petroleum specialty products to cater to the GCC & MENA regions.

There has been no material change in the nature of the business of the subsidiary. There are no associates or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

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

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

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations.

No material Related Party Transactions were entered during the financial year by the Company. Accordingly, the disclosure of Related Party Transactions, as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company and hence not provided.

No person or entity belonging to the promoter/promoter group, holds 10% or more shareholding in the Company, hence disclosure of transactions entered into with any such persons/entities is not applicable to the Company.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are planned/repetitive in nature. Related Party Transactions entered into pursuant to omnibus approval so granted are placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website at the web link:

<http://panamapetro.com/wp-content/uploads/2022/04/Related-Party-Transaction-Policy.pdf>

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

RISK MANAGEMENT

Risks being uncertain events that materially impact the organizational objectives. They are inherent in all business activities and must be balanced while assessing returns. Successfully managing risks is therefore the key to achieve Company objectives and ensure long-term sustainable growth of the Business. With this in mind and in accordance with the provisions of the Act and Regulation 21 of the Listing Regulations your Company has constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) approving the Company's Risk Management Framework and (b) overseeing all the risks that the organization faces such as strategic, financial, liquidity, security, regulatory, legal, and other risks that have been identified and assessed to ensure that there is a sound Risk Management Policy in place to address such concerns / risks. The Risk Management process covers risk identification, assessment, analysis and mitigation. The Audit Committee has additional oversight in the area of financial risks and controls.

The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and Regulation 21 of the Listing Regulations.

DIRECTORS

As on March 31, 2023, your Company's Board comprised of 8 Directors with considerable experience in their respective fields. Of these, 4 are Executive Directors and 4 Non-Executive (Independent) Directors. The Chairman of the Board is an Executive Director.

APPOINTMENT & CESSATION OF DIRECTORS

In accordance with the provisions of Section 152 of the Act and the Company's Articles of Association, Mr. Hussein Rayani (DIN:00172165), Director retires by rotation and, being eligible offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the forthcoming Annual General Meeting.

The Board of directors at its meeting held on May 30, 2023, on recommendations of the Nomination & Remuneration Committee, and subject to approval of shareholders, appointed Mr. Ashok Mukhi (DIN:01262560) and Mr. Arvind Shah (DIN:01645534) as Additional Directors designated as Independent Directors on the Board of Directors of the Company in accordance with Section 149(4) of the Act, with effect from August 01, 2023 to hold office for a term of 5 (five) consecutive years.

Furthermore, the Board of directors at its meeting held on May 30, 2023, on recommendations of the Nomination & Remuneration Committee, and subject to approval of shareholders, appointed Mr. Arif Rayani (DIN:00245647) as Additional Director designated as Whole-Time Director (Executive) on the Board of Directors of the Company in accordance with Section 152 read with other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 with effect from August 01, 2023 to hold office for a term of 5 (five) consecutive years.

The Board of Directors at its meeting held on July 10, 2023, on recommendations of the Nomination & Remuneration Committee and subject to approval of shareholders, approved the re-appointment of Mr. Amirali Rayani (79 years) (DIN:00002616), as a Whole-time Director designated as Chairman(Executive) of the Company with effect from June 29, 2024.

Mr. Amin Rayani would relinquish his position of CEO and MD of the Company with effect from October 01, 2023. The Board places on record its appreciation of the invaluable services of Mr. Amin Rayani as the CEO and MD. The Board re-designated and appointed Mr. Samir Rayani (DIN:00002674) as CEO and MD with effect from October 01, 2023 for a period of five years, subject to approval of the Members.

Brief profiles of the directors seeking appointment/re-appointment have been given in the Notice convening the Annual General Meeting.

The Company has received disclosures from all the Directors of the Company as mandated under Section 164(2) and Section 184(1) of the Companies Act, 2013. Additionally, the Independent Directors of the Company have submitted declarations confirming that they meet with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfil the conditions of independence specified in the Listing Regulations and the Act and are independent of the Management of the Company.

The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite qualifications, experience and expertise in the fields of science and technology, human resources, strategy, auditing, corporate governance, etc.

The Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

Details of Familiarisation Programme for the Independent Directors are provided separately in the Corporate Governance Report.

APPOINTMENTS/RESIGNATIONS OF THE KEY MANAGERIAL PERSONNEL

No Key Managerial Personnel has resigned or has been appointed during the financial year 2022-2023.

BOARD AND COMMITTEE MEETINGS

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

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

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

PROCEDURE FOR NOMINATION AND APPOINTMENT OF DIRECTOR

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

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

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

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

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

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

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

GOVERNANCE GUIDELINES

The Company has adopted Governance Guidelines on Board Effectiveness. The Governance Guidelines encompasses aspects relating to composition and role of the Board, Chairman and Directors, Board Diversity, Definition of Independence, Term of Directors, and Committees of the Board. It also covers aspects relating to Nomination, Appointment, Induction and Development of Directors, Director's Remuneration, Subsidiary oversight, Code of Conduct, Board Effectiveness Review and Mandates of Board Committees.

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

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

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

The Board's functioning was evaluated on various aspects, including inter alia structure of the Board, qualifications, experience and competency of Directors, diversity in Board and process of appointment; Meetings of the Board, including regularity and frequency, agenda, discussion and dissemination of information; functions of the Board, including strategy and performance evaluation, corporate culture and values, governance and compliance, evaluation of risks, grievance redressal for investors, stakeholder value and responsibility, conflict of interest, review of Board evaluation and facilitating Independent Directors to perform their role effectively; evaluation of management's performance and feedback, independence of management from the

Board, access of Board and management to each other, succession plan and professional development; degree of fulfillment of key responsibilities, establishment and delineation of responsibilities to Committees, effectiveness of Board processes, information and functioning and quality of relationship between the Board and management.

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

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

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

REMUNERATION POLICY

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

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

The remuneration policy can be accessed at:

<http://panamapetro.com/wp-content/uploads/2015/12/Nomination-and-Remuneration-policy.pdf>

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

- (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors to perform in a manner of the quality required to run the Company successfully;
- (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

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

LISTING OF SHARES

Your Company's shares are listed on the BSE Limited and National Stock Exchange of India Limited. The Company has paid the listing fees for the financial year 2022–2023. The GDRs of the Company are listed on Luxembourg Stock Exchange.

CORPORATE GOVERNANCE

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

PUBLIC DEPOSITS

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

INSURANCE

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



INTERNAL FINANCIAL CONTROLS

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

The Audit Committee has satisfied itself on the adequacy and effectiveness of the internal financial control systems laid down by the management. The Statutory Auditors have confirmed the adequacy of the internal financial control systems over financial reporting.

CORPORATE SOCIAL RESPONSIBILITY

As an integral part of our commitment to good corporate citizenship, your Company strongly believes in adopting steps to improve the quality of life of the people in the communities around us.

Founded on the philosophy that society is not just another stakeholder in its business, but the prime purpose of it, the Company, across its various operations is committed to making a positive contribution towards achieving long-term stakeholder value creation.

As the operations have expanded, your Company has retained a collective focus on the various areas of corporate sustainability that impact people, environment and the society at large.

The Board has constituted a Corporate Social Responsibility Committee headed by Mr. Mukesh Mehta as Chairman, with Mr. Amin Rayani and Ms. Nargis Kabani as Members. The Company has adopted a Corporate Social Responsibility (CSR) Policy in compliance with the provisions of the Companies Act, 2013. As part of its CSR initiatives, the Company has undertaken projects in the areas of promoting health care and education. The above projects are in accordance with Schedule VII of the Act. The Company has spent ₹ 2.70 Cr. (after setting-off the excess amount spent during F.Y. 2021-22) towards the CSR projects during the current Financial Year 2022-23.

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

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

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

The Company has not received any complaint of sexual harassment during the financial year 2022-23.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, the amounts of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account of the Company are required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Consequently, no claim shall lie against the Company in respect of any such amounts.

The amount of unpaid/unclaimed dividend up to the financial year 2014-2015 has been transferred to IEPF. Members who have not yet encashed their dividend warrant(s) for the financial year ended March 31, 2016 and for any subsequent financial year, are requested to make their claims to the Company without any delay, to avoid transfer of their dividend/shares to the Fund/IEPF Demat Account.

Members are also requested to note that, pursuant to the provisions of Section 124 of the Act and the IEPF Rules, the Company is obliged to transfer all shares on which dividend has not been paid or claimed for seven consecutive years or more to an IEPF Demat Account.

Members/claimants whose shares, unclaimed dividend, have been transferred to the IEPF Demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF- 5 (available on iepf.gov.in) along with requisite fee as decided by the IEPF Authority from time to time.



VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

AUDITORS

● STATUTORY AUDITORS

Pursuant to Sections 139 & 142 of the Companies Act, 2013, and the Rules made thereunder, JMR & Associates LLP, Chartered Accountants, (Registration No.106912W/W100300) Mumbai, was appointed as Statutory Auditors of the Company to hold office for a period of 5 (Five) years from the conclusion of the Annual General Meeting (AGM) held in 2020 until the conclusion of the Annual General Meeting to be held in the year 2025.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

The Auditors' Report for the financial year ended March 31, 2023 on the financial statements of the Company is a part of this Annual Report.

● COST AUDITORS

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, and accordingly such accounts and records are made and maintained in the prescribed manner.

Based on the Audit Committee recommendation at its meeting held on May 30, 2023, GMVP & Associates LLP (LLPIN:- AAG-7360) has been appointed by the Board as the Cost Auditors of the Company for conducting an audit of the cost accounting records of the Company for financial year commencing from April 01, 2023 to March 31, 2024.

A Certificate from GMVP & Associates LLP, has been received, confirming that they are free from the disqualifications, as specified in the provisions of Section 141 of the Act and Rules framed thereunder.

Pursuant to the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, Members are requested to consider the ratification of the remuneration payable to GMVP & Associates LLP.

● SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed CS. Milind Nirkhe, Practicing Company Secretary (Proprietor), practicing under the name & style M/S Milind Nirkhe & Associates, CP No:2312 to undertake the Secretarial Audit of the Company for the year ended March 31, 2023. The Secretarial Audit Report for the year under review is annexed as Annexure C.

The Auditors' Report and the Secretarial Audit Report for the financial year ended March 31, 2023 do not contain any qualification, reservation, adverse remark or disclaimer.

SECRETARIAL STANDARDS OF ICSI

The Company complies with all applicable secretarial standards issued by the Institute of Company Secretaries of India.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported to the Audit Committee, any instances of frauds committed in the Company, by any of its Officers or Employees, under Section 143(12) of the Companies Act, 2013.



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

A. Conservation of Energy:

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

The Company has taken adequate actions to conserve the energy by introducing technically improved blending system resulting in reduction of process time.

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

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

1. The Company has upgraded its regular mixing technology which has resulted in a good amount of energy conservation.
2. Company has upgraded its process technology to maximum automation, consequently saving a lot of energy that was initially utilized.
3. Solar power system have been installed resulting in huge reduction of energy consumption.
4. At its Plants, the Company has carried out various actions to optimize energy consumption and reduce losses.
5. Energy efficient motors and solar plants are being installed in order to optimize use of power.

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

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

(iii) Capital Investment on Energy Conservation Equipment:

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

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

B. Technology Absorption:

(i) Efforts made towards Technology Absorption:

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

The Company has an updated R&D Centre at its Ankleshwar Plant. It is the technical centre of the Company and has been the backbone for most of our major product breakthroughs. This Centre at Ankleshwar is fully equipped with modern testing & analytical equipment's. The Centre is operated by the team of well qualified technocrats, as a result, the in-house R&D unit of your Company has been recognized by the **Ministry of Science & Technology & the Department of Scientific and Industrial Research (DSIR)**. With the help of this recognition and the in-house R&D facility the Company has been able to develop new products with higher quality.

Additionally, the Company shall continue to spend on R&D activities which will also assist in research for import substitution, energy conservation and control of pollution.

Our technical center has developed various innovative products with international quality standards and techniques to ensure zero environmental impact. These products are de-aromatized low & high viscosity oils with low PAH & PCA content as per European norms as a result of which it is not only well accepted and appreciated in domestic & international markets but is also used by all large rubber industries, Ink & Textile industries.



Consequently, these products have reduced the amount of imports with minimum environmental impact and carbon footprint.

Your Company is also in the process of developing ecofriendly pesticides with minimum residual impact which is suitable for organic farming as well. Your Company is planning to collaborate with leading agricultural universities for further research in this regard.

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

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

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

- (a) the details of technology imported: The Company has not imported any technology during the last three financial years.
- (b) the year of import: Not Applicable
- (c) whether the technology has been fully absorbed: Not Applicable
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

Expenditure on research & development

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

Particulars	(₹ in Cr.)
Capital	0.00
Revenue	0.00
Total R&D Expenditure	0.00
Total Turnover	1,708.24
Total R&D Expenditure as a Percentage of total turnover	0%

C. Foreign exchange earnings and outgo:

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

	(₹ in Cr.)
Total Foreign Exchange Inflow	608.24
Total Foreign Exchange Outflow	863.67

PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and the information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure D forming part of this Report.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2023 is available on the Company's website at http://panamapetro.com/wp-content/uploads/2023/07/Annual-Return_22-23.pdf

AUDITORS' REPORT

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



MANAGEMENT DISCUSSION & ANALYSIS, BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT AND CORPORATE GOVERNANCE REPORT

The Management Discussion and Analysis Report, the Business Responsibility & Sustainability Report and the Report on Corporate Governance, as required under the Listing Regulations, forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENT

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

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

Date : July 10, 2023
Place : Mumbai

Amirali E. Rayani
Chairman
DIN:00002616

**ANNEXURE A TO THE DIRECTORS' REPORT****FORM AOC.1**

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

Part "A": Subsidiaries

(₹ in Cr.)

Sr. No.	Particulars	1
1	Name of subsidiary	Panol Industries RMC FZE, UAE
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period.	No
3	Reporting currency and exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	AED=22.3645
4	Share Capital	51.86
5	Reserves & Surplus	181.41
6	Total Assets	246.34
7	Total liabilities	13.07
8	Investments	0.00
9	Turnover	540.48
10	Profit before taxation	52.41
11	Provision for taxation	0.00
12	Profit after taxation	52.41
13	Proposed Dividend	0
14	% of shareholding	100%

Part B of the Annexure is not applicable as there are no associate companies/joint ventures of the Company as on March 31, 2023.

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

Date : July 10, 2023
Place : Mumbai

Amirali E. Rayani
Chairman
DIN:00002616



ANNEXURE B TO THE DIRECTORS’ REPORT

Annual Report on CSR Activities

- 1. A brief outline on Corporate Social Responsibility (CSR) Policy of the Company:** The focus areas of the CSR Policy of the Company are as follows:

The CSR Policy of the Company encompasses its philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013. By applying its resources towards communities that need it the most, the Company ensures equitable access. The Company’s CSR strategy incorporates an inclusive approach into the design of every program.

- 2. Composition of CSR Committee:**

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Mukesh Mehta (Chairperson)	Independent Non-Executive Director	2	2
2	Ms. Nargis Kabani	Independent Non-Executive Director	2	2
3	Mr. Amin Rayani	Managing Director & CEO	2	2

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:
- Composition of CSR committee:
http://panamapetro.com/wp-content/uploads/2021/06/Board_of_Directors_Its_Committees.pdf
 - CSR Policy:
http://panamapetro.com/wp-content/uploads/2021/06/CSR_Policy_amended.pdf
 - CSR projects approved by the board:
<http://panamapetro.com/wp-content/uploads/2023/05/CSR-Projects-Approved-2023-24.pdf>
4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: **Not applicable**
5. (a) Average net profit of the Company as per Section 135(5): ₹ **138.81 Cr.**
 (b) Two percent of average net profit of the Company as per section 135(5): ₹ **2.78 Cr.**
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**
 (d) Amount required to be set off for the financial year, if any: ₹ **0.08 Cr.**
 (e) Total CSR obligation for the financial year (b+c-d): ₹ **2.70 Cr.**
6. (a) Amount Spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ **2.70 Cr.**
 (b) Amount spent in Administrative Overheads: **Nil**
 (c) Amount spent on Impact Assessment, if applicable: **Not Applicable**
 (d) Total amount spent for the Financial Year (a+b+c): ₹ **2.70 Cr.**
 (after setting off the excess amount of ₹ 0.08 Cr. spent in F.Y.2021-22)



(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (Rs. in Cr.)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 2.70 Cr. (after setting off the excess amount of ₹ 0.08 Cr. spent in F.Y. 21-22)	NIL	-	-	NIL	-

(f) Excess amount for set off, if any: **Nil**

Sr. No.	Particulars	Amount (₹ in Cr.)
(i)	Two percent of average net profit of the Company as per Section 135(5)	2.78
(ii)	Total amount spent for the Financial Year (including excess amount of ₹ 0.08 Cr. spent in F.Y. 2021-22)	2.78
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

7. Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**
8. No capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year 2022-2023.
9. Specify the reason(s), if the Company has failed to spend 2% of the average net profit as per Section 135(5) : **Not Applicable**

Date: July 10, 2023
Place: Mumbai

Amin A. Rayani
Managing Director & CEO
DIN: 00002652

Mukesh Mehta
Chairman - CSR Committee
DIN: 00002702



Annexure B-1 to CSR Report (point 5 (c) of the CSR Report) (₹ in Cr.)

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local Area Yes/No	(5) Location of the Project		(6) Amount spent for the project (₹ in Cr.)	(7) Mode of implementation -Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration No.
1	Healthcare	Clause (i), Promoting Healthcare	YES	Maharashtra	Mumbai	0.01	DIRECT	-	-
2	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	0.02	INDIRECT	Life Foundation	CSR00009986
3	Education	Clause (ii), Promoting Education	NO	PAN-India	PAN-India	0.11	INDIRECT	Focus Humanitarian Assistance India	CSR00015098
4	Education	Clause (ii), Promoting Education	NO	PAN-India	PAN-India	0.25	INDIRECT	Focus Humanitarian Assistance India	CSR00015098
5	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	0.20	INDIRECT	Vidya Prasarak Mandal	CSR00004805
6	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	0.20	INDIRECT	Vidya Prasarak Mandal	CSR00004805
7	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	0.20	INDIRECT	Vidya Prasarak Mandal	CSR00004805
8	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	0.25	INDIRECT	Vidya Prasarak Mandal	CSR00004805
9	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	0.20	INDIRECT	Vidya Prasarak Mandal	CSR00004805
10	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	0.20	INDIRECT	Vidya Prasarak Mandal	CSR00004805
11	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	0.20	INDIRECT	Vidya Prasarak Mandal	CSR00004805
12	Healthcare	Clause (i), Promoting Healthcare	YES	Maharashtra	Mumbai	0.02	DIRECT	-	-
13	Education	Clause (ii), Promoting Education	YES	PAN-India	PAN-India	0.50	INDIRECT	Aga Khan Education Service India	CSR00026675
14	Education	Clause (ii), Promoting Education	YES	PAN-India	PAN-India	0.14	INDIRECT	Aga Khan Education Service India	CSR00026675
15	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	0.15	DIRECT	-	-
16	Education	Clause (ii), Livelihood enhancement projects	YES	UT	Dadra Nagar Haveli & Daman & Diu	0.05	INDIRECT	Dadra Nagar Haveli & Daman & Diu Juvenile Justice Fund	CSR00025593
Total						2.70			



ANNEXURE C TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 March, 2023.

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

To,
The Members,
PANAMA PETROCHEM LIMITED

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

Based on my verification of the PANAMA PETROCHEM LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2023 ('Audit Period'), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **PANAMA PETROCHEM LIMITED** ("the Company") for the financial year ended March 31, 2023 ('Audit Period'), according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018: **Not applicable to the Company for the audit period;**
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021: **Not applicable to the Company for the audit period;**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: **Not applicable to the Company for the audit period;**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client: **Not applicable to the Company for the audit period;**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021: **Not applicable to the Company for the audit period;**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: **Not applicable to the Company for the audit period.**



vi. Other laws specifically applicable to the Company namely:

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The SEBI (Listing Obligation & Disclosure Requirements), Regulation 2015 entered into by the Company with Stock Exchanges

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

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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

Decisions at the Board Meetings were taken unanimously.

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

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

Date: July 10, 2023
Place : Mumbai

CS Milind Nirkhe
FCS No.: 4156
C P No.: 2312
Peer Review Certificate No.: 1141/2021
UDIN No.: F004156E000575529



'Annexure A'

To,
The Members,
PANAMA PETROCHEM LIMITED

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: July 10, 2023
Place : Mumbai

CS Milind Nirkhe
FCS No.: 4156
C P No.: 2312
Peer Review Certificate No.: 1141/2021
UDIN No.: F004156E000575529

ANNEXURE D TO THE DIRECTORS' REPORT
[Pursuant to Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

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

The ratio of remuneration of each Director to the Median Remuneration of all employees who were on the payroll of the Company and the percentage increase/decrease in remuneration of the Directors during the financial year 2022-23 are given below:

Directors	Ratio to Median	Percentage Increase/Decrease in Remuneration
Mr. Amirali Rayani	90.34	0%
Mr. Samir Rayani	89.39	0%
Mr. Hussein Rayani	89.39	0%

Managing Director & CEO	Ratio to Median	Percentage Increase/Decrease in Remuneration
Mr. Amin Rayani	89.77	0%

The percentage increase in remuneration of the Chief Financial Officer is 10% and of the Company Secretary is 10%

3. The percentage increase in the median remuneration of employees in the financial year: 10%
4. The number of permanent employees on the rolls of Company: 156
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year 2022-23 was 10%.
6. Affirmation that the remuneration is as per the Remuneration Policy of the Company: It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management, adopted by the Company.

Disclosure under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

The following details are given in respect of top ten employees in terms of remuneration Name & age (years), designation, remuneration (₹ in Crore), qualification & experience (Years), date of commencement of employment, last employment held (Name of employer, post held)

1. Mr. Amirali Rayani (79), Chairman, ₹ 2.86 Crore, SSC. (51), 09.03.1982, None.
2. Mr. Amin Rayani (51), Managing Director & CEO, ₹ 2.84 Crore, B.Com.(27), 01.12.2000, None
3. Mr. Samir Rayani (48), Whole-time Director, ₹ 2.83 Crore, B.E-Chemical. (26) 01.12.2000, None.
4. Mr. Hussein Rayani (45), Joint Managing Director, ₹ 2.83 Crore, Masters Degree in Chemical Engineering (24), 01.04.2004, None
5. Mr. Pramod Maheshwari (46), Chief Financial Officer, ₹ 0.52 Crore, B.Com., CA, (23), 19.04.2010, Unimark Remedies Limited-General Manager.



6. Ms. Gayatri Sharma (38), Company Secretary & Compliance Officer ₹ 0.38 Crore, B.Com,CS, L.L.B. (15), 08.12.2010, Pinkcity Build home Pvt. Ltd. - Company Secretary.
7. Mr. Santosh Kamath (49), National Sales Manager, ₹ 0.36 Crore, B.E (Chemical), (28), 01.11.2012, M/s ITW Chemin-OEM Sales.
8. Mr. Pradip kumar Nikam (61), Vice-President-Technical, ₹ 0.28 Crore, BE Electrical, (39), 20.01.1982, Kankariya Chemicals.
9. Mr. P.K Johari (66), General Manager-Sales, ₹ 0.27 Crore, MSC (44), 01.04.2016, GP Petroleum Ltd.-Senior Vice President-RPO.
10. Mr. Mayur Jagdish Parikh (44) Regional Sales Manager ₹ 0.25 Crore, B.SC.(chemistry), DBM (22.5), 01.08.2013, GP Petroleum Ltd.- Senior Marketing Manager.

Notes:

1. The nature of employment is contractual for all the above employees.
2. None of the employees of the Company are related to any Directors of the Company except Mr. Amirali Rayani-Chairman of the Company, Mr. Amin Rayani-Managing Director & CEO of the Company and Mr. Arif Rayani-Additional Director, who is seeking members approval for an appointment as Whole Time Director designated as Executive Director in this AGM.
3. Name of the employees employed throughout the year were in receipt of remuneration of not less than ₹ 1 crore and 2 Lakhs for the year: Mr. Amirali Rayani, Mr. Amin Rayani, Mr. Samir Rayani and Mr. Hussein Rayani. (The required details of these employees are provided in the above mentioned disclosure)
4. Name of the employees employed for the part of the year were in receipt of remuneration of not less than ₹ 8.50 Lakhs per month: Nil
5. The percentage of equity shares held by the employee in the Company within the meaning of Clause (iii) of sub rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 - Not Applicable

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

Date : July 10, 2023
Place : Mumbai

Amirali E. Rayani
Chairman
DIN:00002616

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of Panama Petrochem Ltd. presents the analysis of the Company for the year ended March 31, 2023 and its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic and other developments both in India and abroad.

This Management Discussion and Analysis ("MD&A") Report of Panama Petrochem Ltd. for the year ended March 31, 2023 contains financial highlights but does not contain the complete financial statements of the Company. It should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2023.

GLOBAL ECONOMY

International Monetary Fund (IMF), in its January 2023 report, forecasted that against an estimated global growth of 3.4% for 2022, growth will fall to 2.9% in 2023 followed by 3.1% in 2024—three consecutive years of growth lower than the historical average of 3.8%.

Signs are apparent that monetary policy tightening is starting to cool demand and inflation, but the full impact is unlikely to be realised before 2024. Global headline inflation appears to have peaked in the third quarter of 2022. Prices of fuel and non-fuel commodities have declined, lowering headline inflation. As the central banks are hinting at future rate hikes to further stabilise inflation, the downside risks to the global economic outlook appear elevated.

INDIAN ECONOMY

The Indian economy, however, appears to have moved on after its encounter with the pandemic, staging recovery in F.Y. 2022-23 ahead of many nations. RBI in its Monetary Policy announcement during February 2023 projected 7% GDP growth for F.Y. 2022-23. These optimistic growth forecasts stem in part from the resilience of the Indian economy seen in the rebound of private consumption seamlessly replacing the export stimuli as the leading driver of growth. The uptick in private consumption has also given a boost to production activity resulting in an increase in capacity utilisation across sectors. The rebound in consumption was facilitated by the near-universal vaccination coverage overseen by the government that brought people back to the streets.

The growth rate reflects the strong fundamentals of our economy as it has emerged as the fastest-growing major economy in spite of the fact that India has also faced the challenge of reining in inflation as the Central Bank has taken measures on the policy fronts to manage the inflationary pressure. The RBI also projected the economic growth to slow down to 6.4% in F.Y. 2023-24, citing risks from geo-political tension and tightening global financial conditions.

INDUSTRY OVERVIEW

During the fiscal year 2022-2023, the petrochemical industry faced a mix of opportunities and challenges. The industry experienced significant growth driven by increased demand of products across various sectors. This demand was fueled by global economic recovery and the resumption of industrial activities post the COVID-19 pandemic.

One of the key drivers of growth in the petrochemical industry was the increasing demand for high-quality lubricants. These lubricants find applications in automotive, industrial, and aviation sectors, where the need for enhanced performance, fuel efficiency, and reduced emissions drove the demand. As the global economy recovered from the impact of the COVID-19 pandemic, industrial activities resumed, resulting in heightened lubricant consumption.

The industry also encountered challenges during this period. Fluctuating oil prices influenced the cost of raw materials, thereby affecting the profitability of companies in the industry. Additionally, the increasing emphasis on sustainability and environmental regulations necessitated the development of eco-friendly products and processes.

The automotive production sector in India has experienced a steady rise, driven by a growing working population and increasing middle-class incomes. With an annual growth rate surpassing 6%, this sector has fueled a higher demand for engine oils and other lubricants within the industry. Furthermore, the power generation and shipping sectors have also played a significant role in driving the increased demand for specialty lubricants.

BUSINESS OVERVIEW

Established in 1982, Panama Petrochem Ltd. is one of the leading manufacturers & exporters of nearly 80 variants of petroleum specialty products.

The products are vital for various industries like inks and resins, textiles, rubber, pharmaceuticals, cosmetics, power, cables and

other industrial purposes. With an object to continue its expansion, the Company has established a subsidiary in UAE i.e. Panol Industries, in order to cater the markets of middle east and African Continent. Your Company exports to more than 75 countries with overseas revenue contribution of around 35.61% in F.Y. 2022-23.

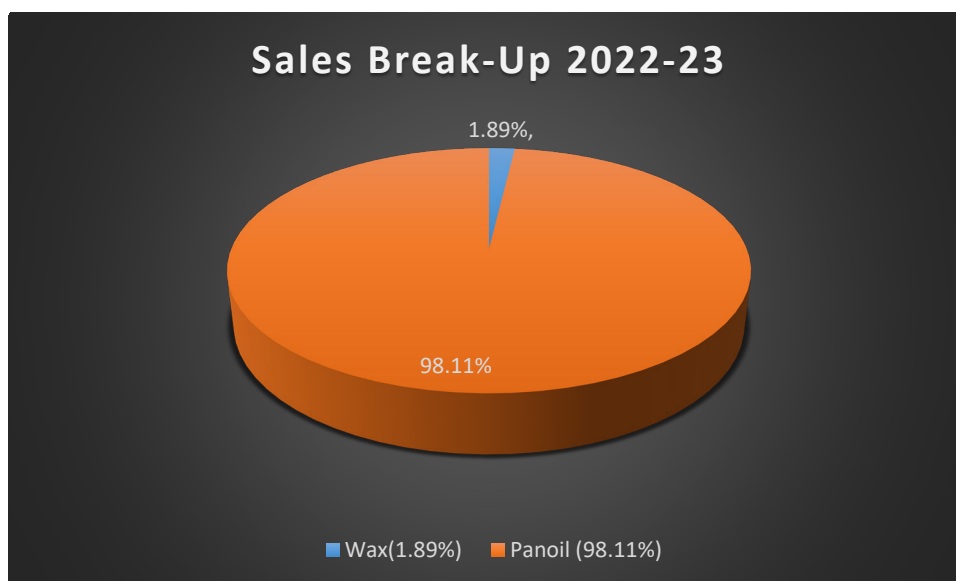
MANUFACTURING FACILITIES

The Company has adequate manufacturing capacity to cater the domestic as well as International requirements. It has four manufacturing units, all located in western India, namely in Ankleshwar (Gujarat), Daman (Union Territory), Taloja (Raigadh, Maharashtra) and Dahej (Bharuch, Gujarat). The Company's products are exported to more than 75 countries globally. The Company has the certification of being a Star Export House. The Company has a fully equipped state-of-the-art Research and Development Centre at its Ankleshwar unit where it formulates new and value-added products. The Company manufactures nearly 80 product variants used across 6-7 broad industry segments. The Company is accredited as ISO 9001:2015; ISO 14001:2015; ISO 45001:2018 certification by Benchmark.

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

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

PRODUCT WISE SALES BREAK UP FOR THE FINANCIAL YEAR 2022-23



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

FUTURE OUTLOOK

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

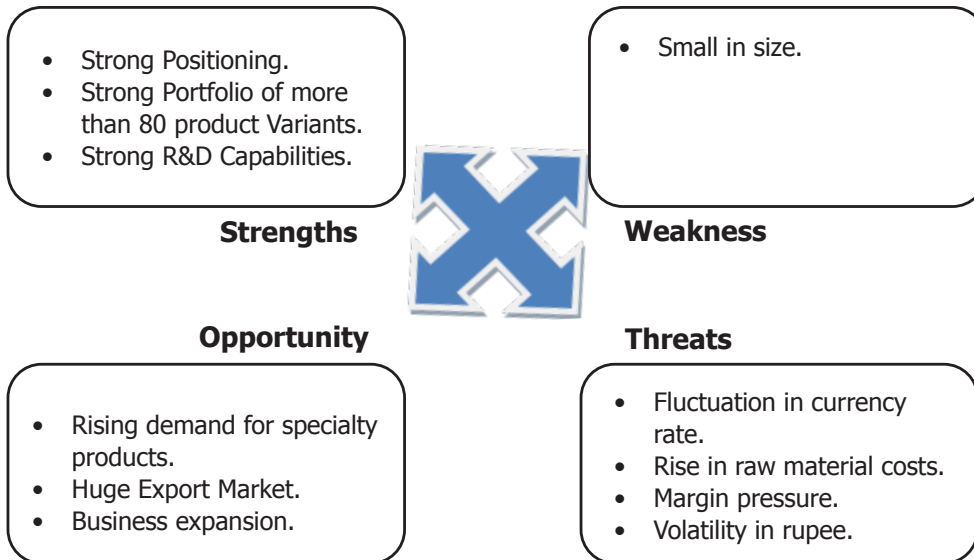
The Indian industrial lubricants market is expected to register a CAGR of more than 4%. Increased automobile production, Investments in distribution and branding, demand for advanced lubricants, government initiatives towards infrastructure development, and manufacturers' focus on expanding production capacities are expected to drive the growth of India's industrial lubricant market.

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

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



SWOT PROFILE



OPPORTUNITIES

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

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

THREATS

Changes in Government policies, especially regarding import of Base Oil will have an adverse impact on the performance of the Company. However, considering the multifarious purposes for which it is used, the domestic supplies are not adequate to meet such domestic demands, hence, the possibilities for any extreme changes in Government policies appear to be remote.

RISKS AND CONCERNS

• **Strategic and Commercial Risks**

Company’s financial performance is subject to the fluctuating prices of crude oil and downstream petroleum products. Prices of products are affected by supply and demand, both globally and regionally. Factors that influence fluctuations in crude prices and crude availability include operational issues, natural disasters, political instability, economic conditions and Government pricing policy of petroleum products among others.

• **Environmental Risks**

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

• **Financial Risks**

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



Operational Risks

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

Cyber Security Risks

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

Safety Risks

Safety is an ever-evolving journey. The Company’s manufacturing facilities have adopted Safety Management System. Regular audits are conducted to assess the on-ground implementation of various processes prescribed by Safety Management System. Critical safety incidents are studied by the senior leadership.

PERFORMANCE

- Earnings before Interest, Depreciation, and Tax & Amortization (EBIDTA) on a standalone basis for F.Y. 2022-23 was ₹ 258.35 Cr., which has resulted in an increase of 9.01% in comparison with the previous year’s EBIDTA.
- The Net profit after tax for F.Y. 2022-23 was ₹ 180.57 Cr., as against ₹171.40 Cr. in the previous year, resulting in 5.35% increase.
- The Company’s standalone revenue from operations for F.Y. 2022-23 was ₹ 1,708.24 Crore which is an increase of 10.96% over the previous year’s revenue.
- The consolidated revenue from operations of the Company for the year ended March 31, 2023 was ₹ 2,248.72 Cr. which has increased by 5.46% on a Year on Year basis.
- Net Profit of the Company on a consolidated basis was ₹ 232.97 which has increased by 1.14% as that of the previous year.
- EPS on standalone basis improved to ₹ 29.85 as against ₹ 28.33 in the previous year.
- EPS on consolidated basis has increased to ₹ 38.51 from ₹ 38.08.

With a combination of an enhanced product mix helped by specialty products and continual improvement in the efficiency of operations, the Company has managed to keep its operating margins healthy during the year and has achieved an improvement in the EBIDTA levels.

KEY FINANCIAL RATIOS

Ratio Analysis	Units	Standalone		Consolidated	
		F.Y. 2023	F.Y. 2022	F.Y. 2023	F.Y. 2022
Trade Receivable/Debtors Turnover Ratio	Times	5.91	5.52	6.75	6.66
Inventory Turnover Ratio	Times	4.78	4.41	5.52	4.98
Current Ratio	Times	3.00	1.96	3.56	2.13
Debt Equity Ratio	Times	0	0	0	0.04
Operating Profit Margin	%	14.77	15.04	13.61	13.76
Net Profit Ratio	%	10.60	11.13	10.36	10.80
Return on Networth	%	25.49	29.95	27.08	34.66
Debt Service/Interest Coverage Ratio	Times	25.58	55.93	27.27	42.75
Return On Equity Ratio	%	25.49	29.95	27.08	34.66
Trade Payables Turnover Ratio	Times	3.50	3.88	4.62	4.72
Net Capital Turnover Ratio	Times	3.29	3.66	3.23	3.98
Return on Capital Employed	%	32.73	35.85	32.15	38.18

HUMAN RESOURCE / INDUSTRIAL RELATIONS

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

It is the people that make an organization. With human resources department being the custodian of all people related processes, it becomes a critical factor in organisational success. The HR works with an objective of aligning the aspirational needs of the people with the organizational objectives of sustained growth, market leadership and cost competitiveness. Its sole aim is to build the Company an exemplary organisation that inspires excellence every day. People development has been a constant focus of HR.

SUSTAINABILITY

It has been a constant endeavour of the Company to formulate, adopt and improve its business model, embracing both sustainability and growth agenda. This model helps us build efficiencies to achieve sustainable business performance. As part of our sustainability agenda, we focus on conservation of environment, natural resources and energy efficiency. Our operational strategy is built on a long term commitment to experiment and implement new ideas for improving efficiencies and minimizing the use of input resources. Our continued endeavours towards improving productivity and efficiency of all processes, equipments and systems as well as optimization measures have made the Company as one of the most efficient players in terms of energy consumption and resource utilization.

Focus on renewable energy continues to remain a thrust area in our sustainability agenda. This has helped the Company in conserving precious natural resources.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has in place, adequate internal control systems and procedures covering all the financial and operating functions. These have been designed to provide adequate assurance to the management regarding compliance with the accounting standards by maintenance of appropriate accounting records, monitoring the economy and efficiency of operations, protecting the assets of the Company from losses and ensuring the reliability of financial and operational information through proper compliance with the statutory enactments and its rules and regulations.

The Company has an effective and adequate internal audit and control system. The Internal audits are conducted by a firm of Chartered Accountants, ably supported by an internal team staffed with qualified and experienced people. All operational activities are subject to internal audits at frequent intervals. The existing audit and inspection procedures are reviewed periodically to enhance their effectiveness, usefulness and timeliness.

The Audit Committee of the Board of Directors, regularly reviews the findings of the internal auditors, adequacy of internal controls, financial controls, compliance with the accounting standards, as well as recommends to the Board, the adoption of the quarterly and annual results of the Company and appointment of auditors. The Audit Committee also reviews the related party transactions, entered into by the Company during each quarter.

CAUTIONARY STATEMENT

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

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

Amirali E. Rayani
Chairman
DIN:00002616

Date : July 10, 2023
Place : Mumbai



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The corporate governance framework of the Company has evolved over the time and is inspired by our core values of Respect, Integrity, Responsibility and Transparency.

We aim to abide by the highest standards of good governance and ethical behavior across all levels within the organisation with a zero-tolerance policy towards any deviation from these standards.

Panama Petrochem Limited has always been driven by a sense of purpose and a belief that businesses must have an objective that goes beyond profit. Our ethical framework focuses on long-term shareholder value creation through responsible decision-making.

We ensure a responsible corporate conduct which is fundamental to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Organization.

The Company believes that sound Corporate Governance is critical for enhancing and retaining stakeholder trust and we always seek to ensure that the Company's performance goals are met accordingly. Based on the principles of good Corporate Governance the Company has always strived towards building trust and confidence with its shareholders, employees, customers, suppliers and other stakeholders.

At Panama Petrochem Limited, it is not a mere compliance of laws, rules and regulations, but a commitment to values, best management practices, adherence to the ethical principles in all its dealings, enhance stakeholder value and discharge its social responsibility while simultaneously achieve the objectives of the Company.

Your Company's Corporate Governance philosophy is based on transparency, accountability, values and ethics, which forms an integral part of the Management's initiative in its ongoing pursuit towards achieving excellence, growth and value creation. Your Company is committed to highest standards of Corporate Governance and disclosure practices to ensure that its affairs are managed in the best interest of all stakeholders.

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

Being conscious of our responsibility as a good corporate citizen and embedding the values of transparency, professionalism, and accountability in its day to day activities, has resulted in your Company being in compliance with the requirements of Corporate Governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

2. BOARD OF DIRECTORS

(a) Composition

The Board of Directors, along with its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. Your Company has an engaged and well informed Board with qualifications and experiences in diverse areas. The Board composition is in conformity with the Listing Regulations and the Companies Act, 2013 ('the Act').

The Company recognizes and embraces the importance of a diverse Board in its success and it believes that a truly diverse Board would leverage differences in thought, perspective, knowledge, skill and industry experience, which will enrich Board discussions and enable effective decision making. The Board has an optimal mix of Executive and Non-Executive Directors who have considerable expertise in their respective fields including competencies required in context of Company's businesses. The Board effectively separates the functions of governance and management and balances deliverables.

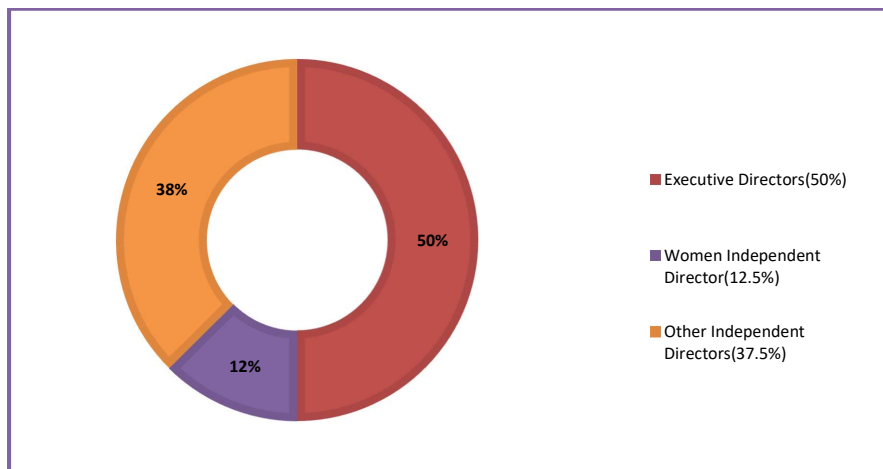
As on March 31, 2023 your Company's Board comprises of 8 Directors with considerable experience in their respective fields. Of these, 4 are Executive Directors and 4 Non-Executive (Independent) Directors. The Chairman of the Board is an Executive Director.

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

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

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

Board Composition as on March 31, 2023



(b) Meetings and attendance during the year

Four Board Meetings were held during the financial year April 01, 2022 to March 31, 2023. The maximum gap between any two Board meetings was within the stipulated time.

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

At Board Meetings, the Chairman apprises the Board on the overall performance of the Company. The Board also, inter alia, reviews the quarterly, half-yearly and annual financial results, compliance reports on all laws applicable to the Company, minutes of Board Meetings of subsidiaries and minutes of meetings of Committees of the Board. In addition, the Board is kept informed of all major events. Based on the agenda, members of the senior leadership are invited to attend the Board Meetings, which brings in requisite accountability and provides developmental inputs.

Details of attendance of Directors in the Board Meetings during the financial year April 01, 2022 to March 31, 2023 are as under

Sr. no.	Name of the Director	Category of Directorship	Attendance details		
			Board Meetings Attended	% of total meetings attended during the tenure as a Director	Last AGM (05.09.2022)
1	Mr. Amirali E. Rayani	Executive Director	4	100	Yes
2	Mr. Amin A. Rayani	Executive Director	4	100	Yes
3	Mr. Hussein V. Rayani	Executive Director	4	100	Yes
4	Mr. Samir A. Rayani	Executive Director	4	100	Yes
5	Mr. Mukesh Mehta	Independent Non-Executive	4	100	Yes



Sr. no.	Name of the Director	Category of Directorship	Attendance details		
			Board Meetings Attended	% of total meetings attended during the tenure as a Director	Last AGM (05.09.2022)
6	Mr. Madan Mohan Jain	Independent Non-Executive	4	100	Yes
7	Ms. Nargis Mirza Kabani	Independent Non-Executive	4	100	Yes
8	Mr. Kumar Raju Nandimandalam	Independent Non-Executive	3	75	Yes

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

During the Financial Year April 01, 2022 to March 31, 2023, 4 (Four) meetings were held on the following dates: May 30, 2022, August 01, 2022, November 14, 2022, and February 09, 2023

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

Name of the Director & Designation	Category	Directorship held in other listed entities	No. of positions held in other Public Companies		
			Board	Committee	
				Membership	Chairmanship
Mr. Amirali E. Rayani	Executive Director (Chairman)	Nil	Nil	Nil	Nil
Mr. Amin A. Rayani	Executive Director (Managing Director & CEO)	Nil	Nil	Nil	Nil
Mr. Hussein V. Rayani	Executive Director (Joint Managing Director)	Nil	Nil	Nil	Nil
Mr. Samir A. Rayani	Executive Director	Nil	Nil	Nil	Nil
Mr. Madan Mohan Jain	Independent & Non Executive Director	Nil	Nil	Nil	Nil
Mr. Mukesh Mehta	Independent & Non Executive Director	Nil	Nil	Nil	Nil
Ms. Nargis Mirza Kabani	Independent & Non Executive Director	Nil	Nil	Nil	Nil
Mr. Kumar Raju Nandimandalam	Independent & Non Executive Director	Nil	Nil	Nil	Nil

1. Excludes Directorships in Associations, Private Limited Companies, Foreign Companies, Government Bodies and Companies registered under Section 8 of the Companies Act, 2013.
2. Only Audit Committee and Stakeholder Relationship Committee of Indian Public Companies have been considered for committee positions.
3. Mr. Amirali E. Rayani & Mr. Amin A. Rayani are directly related to each other; Mr. Samir A. Rayani & Mr. Hussein V. Rayani are members of the extended family.

(d) Independent Directors

The Independent Directors have submitted declaration(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations. The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions of independence specified in the Listing Regulations and are independent of the management of the Company.



The Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 read with the Rules issued thereunder. A sample letter of appointment/re-appointment containing the terms and conditions, issued to the Independent Directors, is posted on the Company's website.

Based on the intimations/disclosures received from the Directors periodically, none of the Independent Directors of the Company hold memberships/Chairmanships more than the prescribed limits, fulfill the conditions specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management

The Company has also undertaken Directors and Officers Insurance (D&O Insurance) for all its Independent Directors.

(e) Selection of Independent Directors

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

(f) Familiarization Programme for Independent Directors

The Company has an orientation programme upon induction of new Directors, as well as other initiatives to update all the Directors of the Company on a continuous basis. The Company also has an ongoing familiarization programme for its Independent Directors, with the objective of familiarizing them with the Company, its operations and business model, nature of the industry, Corporate Overview, Statutory Reports, Financial Statements and environment in which it operates, the regulatory environment applicable to it, the CSR projects undertaken by the Company and also the roles, rights and responsibilities of Independent Directors. During the year, the Company organized several familiarization programmes for Directors.

The familiarization programme for Independent Directors is disclosed on the website of the Company, at the following web link: http://panamapetro.com/wp-content/uploads/2023/04/Familiarisation-Programme_F.Y.22-23.pdf

(g) Separate Meeting of Independent Directors

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on November 29, 2022, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations.

At the Meeting, the Independent Directors:

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

All Independent Directors of the Company attended the Meeting of Independent Directors. Mr. Madan Mohan Jain chaired the Meeting.

(h) Skills, Expertise and Competencies of the Board

The Board of Directors have, identified the following core skills/expertise/competencies of Directors as required in the context of business of the Company for its effective functioning:

- Leadership experience in managing companies and associations including general management;
- Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc;
- Experience in human resources and communication;



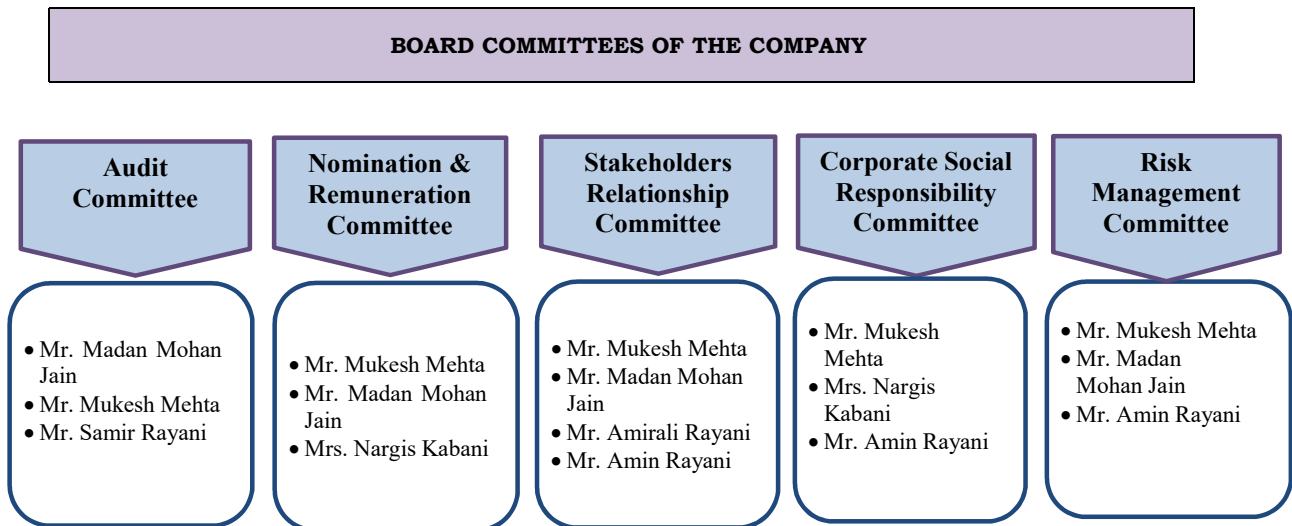
- Relevant experience and knowledge in the matters of Safety and Corporate Social Responsibility including environment, sustainability, community and values;
- Sales & Marketing: Experience in sales and marketing management based on understanding of the industry;
- General management/Governance: Strategic thinking, decision making and protect interest of all stakeholders;
- Expertise in the field of science and knowledge relating to the petroleum industry.

On the basis of the above-mentioned skill matrix, the Board has identified the following skills/competencies/expertise of the Directors of the Company:

Directors	Leadership	Finance	Human resources and communication	Safety and Corporate Social Responsibility	Sales & Marketing	General management/ Governance	Expertise in science and knowledge
Mr. Amirali E. Rayani	✓	✓		✓	✓	✓	
Mr. Amin A. Rayani	✓	✓		✓	✓	✓	
Mr. Hussein V. Rayani	✓				✓	✓	✓
Mr. Samir A. Rayani	✓	✓		✓	✓	✓	✓
Mr. Madan Mohan Jain	✓	✓				✓	✓
Mr. Mukesh Mehta	✓	✓		✓	✓		
Ms. Nargis Mirza Kabani			✓	✓		✓	
Mr. Kumar Raju Nandimandalam	✓	✓			✓	✓	✓

3. COMMITTEES OF THE BOARD

The Board Committees of the Company play a crucial role in the governance structure of the Company and have been established in such a manner and with a view to ensure compliance of all the applicable regulations and to effectively implement the Company’s vision in all the areas and in all the activities carried out within the organization at large. The Board has constituted the following committees:





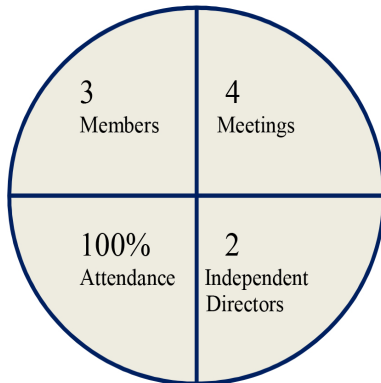
❖ **AUDIT COMMITTEE**

a. Terms of Reference of Audit Committee

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

Role of Audit Committee inter alia, includes the following:

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



- Reviewing with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors’ Responsibility Statement forming part of the Director’s Report.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by the management.
 - Significant adjustments made in financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of related party transactions.
 - Qualifications in draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, or preferential issue or qualified institutional payment and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing with the management, performance of statutory auditors, including cost auditors and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.



- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board.
- Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Approval of appointment of the CFO after assessing the qualifications, experience and background of the candidate.
- Carrying out such other function as mentioned in the terms of reference of the Committee.
- Reviewing the utilization of loans and/or advances from/investment by the Company in its subsidiary Company.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and on its shareholders.
- Reviewing the following information:
 - The Management Discussion and Analysis of financial condition and results of operations;
 - Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses;
 - The appointment, removal and terms of remuneration of internal auditors/chief internal auditor.
- Statement of Deviations:
 - Quarterly Statement of deviations including report of monitoring agency, submitted to exchanges in terms of Regulation 32(1).
 - Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

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

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

During the Financial Year April 01, 2022 to March 31, 2023, 4 (Four) meetings were held on the following dates: May 30, 2022, August 01, 2022, November 14, 2022, and February 09, 2023

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

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

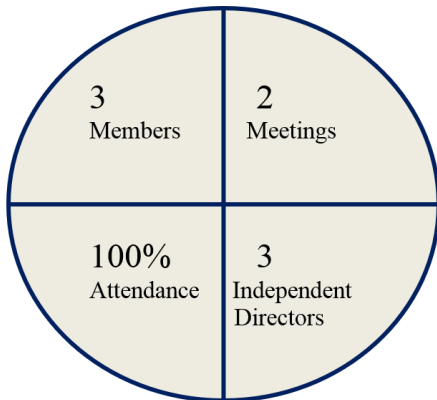
During the year, the Audit Committee reviewed key audit findings covering operational, financial and compliance areas. Risk mitigation plans covering key risks affecting the Company were presented to the Committee.



The meetings of the Audit Committee are usually attended by the Chairman, the Chief Financial Officer, Internal Auditor, the Company Secretary and a representative of the Statutory Auditors. The Business and Operation Heads are invited to the Meetings, when required. The Company Secretary acts as the secretary to the Committee.

The Chairman of the Audit Committee, Mr. Madan Mohan Jain was present at the Annual General Meeting of the Company held on September 05, 2022.

❖ **NOMINATION AND REMUNERATION COMMITTEE**



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

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

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
- In terms of appointment of every Independent Director, the committee shall evaluate the balance of skills, knowledge and experience on the Board, the committee shall prepare a description of the role and capabilities required of an Independent Director. The person appointed as an Independent Director shall have the capabilities as identified in such description.

- To carry out evaluation of every Director’s performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board. And whether to extend or continue to the term of appointment of the Independent Director, on the basis of the evaluation of the Independent Director.
- To devise a policy on Board diversity.
- To recommend/review remuneration of the Managing Director(s), Whole-time Director(s) including the senior management based on their performance and defined assessment criteria.
- To ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

b. Board and Director Evaluation and criteria for evaluation

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

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

Criteria for evaluation of individual Directors include aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board,



encouraging active engagement by all Board members and motivating and providing guidance to the Managing Director & CEO.

c. Composition, name of Members, chairman and their attendance at meetings during the year

During the Financial Year April 01, 2022 to March 31, 2023, 2 (two) meetings were held on July 29, 2022 and January 04, 2023.

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

The Chairman of the Nomination and Remuneration Committee, Mr. Mukesh Mehta was present at the Annual General Meeting of the Company held on September 05, 2022.

d. Remuneration Policy of the Company

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

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

- (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

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

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

- **Fixed pay:**

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

- **Minimum Remuneration:**

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

- **Provisions for excess remuneration:**

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



Remuneration to Non- Executive/Independent Director:

- **Remuneration/Commission:**

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

- **Sitting Fees:**

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

- **Commission:**

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

No remuneration is paid to any Non-Executive Directors during the financial year April 01, 2022 to March 31, 2023 except sitting fee for attending Board meetings and committee meetings.

e. Details of the Executive Directors Remuneration for the financial year ended March 31, 2023

(₹ in Cr.)

REMUNERATION		DIRECTORS				
		Executive Directors				Non-Executive Directors
		Mr. Amirali E. Rayani	Mr. Amin A. Rayani	Mr. Samir A. Rayani	Mr. Hussein V.Rayani	
(a)	Salary & Allowances (fixed)	0.36	0.34	0.33	0.33	0.00
(b)	Benefits & Perquisites	0.00	0.00	0.00	0.00	0.00
(c)	Bonus/Commission Additional Salary	2.50	2.50	2.50	2.50	0.00
(d)	Pension, Contribution to Provident fund & Superannuation Fund	Nil	Nil	Nil	Nil	Nil
(e)	Stock Option Details(if any)	The Company has not offered any Stock Options to its employees.				
(f)	Notice period	The Agreement may be terminated by either party giving the other party six months' notice. With the liberty to the board of Directors to alter and vary the same.				Reasonable (to be decided by the Board) written notice, to be served
(g)	Severance fees	Nil				Nil

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

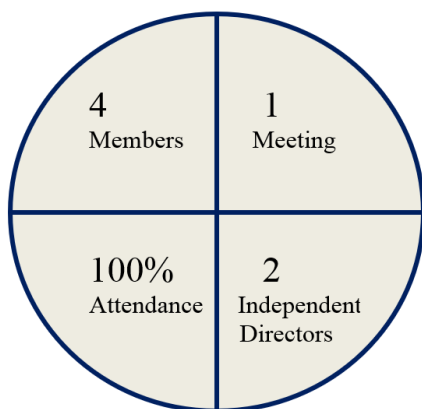
f. Details of the Sitting Fees paid to Non-Executive Directors for the financial year ended March 31, 2023

(₹ in Cr.)

Name of the Non-Executive Director	Amount of Sitting Fees Paid
Mr. Madan Mohan Jain	0.03
Mr. Mukesh Mehta	0.03
Ms. Nargis Mirza Kabani	0.02
Mr. Kumar Raju Nandimandalam	0.01

g. Shareholdings of Non-Executive Directors

None of the Non-Executive Directors held shares in the Company as on March 31, 2023.

❖ STAKEHOLDERS RELATIONSHIP COMMITTEE


The Board has constituted Stakeholders Relationship Committee in accordance with the Provisions of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Terms of Reference of Stakeholders Relationship Committee

- To look into redressing shareholders and investors' complaints and to expedite the process of redressal of complaints like transfer of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

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

Name of the Member	Attendance at the Stakeholders Relationship Committee Meeting	% of total attended during the tenure as a Director/Secretary
Mr. Mukesh Mehta (Chairman)	1	100
Mr. Madan Mohan Jain (Member)	1	100
Mr. Amin A. Rayani (Member)	1	100
Mr. Amirali E. Rayani (Member)	1	100
Company Secretary		
Ms. Gayatri Sharma	1	100

(b) Meetings of the Committee

During the Financial Year April 01, 2022 to March 31, 2023, 1 (One) meeting was held on January 23, 2023

(c) Name & Designation of the Compliance Officer

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

(d) Redressal of Complaints

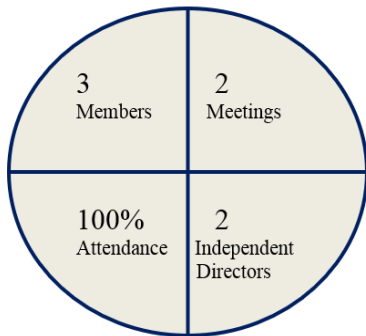
Shareholders may send their complaint for redressal to the **email ID:** cs@panamapetro.com

(e) No. of Complaints received, resolved/pending/not resolved to the satisfaction of the shareholder during the financial year:

During the financial year, the Company has received three (3) complaints from the shareholders, which have been successfully resolved.



❖ **RISK MANAGEMENT COMMITTEE:**



Regulation 21 of the SEBI Listing Regulations mandates top 1000 listed entities, determined on the basis of market capitalisation as at the end of the immediate preceding financial year, to constitute a Risk Management Committee ('RMC'), in view of the same your Company has constituted a Risk Management Committee with a primary objective of assisting the Board of Directors in overseeing the Company's risk management processes and controls and enhance stakeholder value. The Committee attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

The terms of reference of the Risk Management Committee are as follows:

- To formulate a detailed risk management policy which shall include:
 - a. A framework for identification of internal and external risks faced by the Company, including financial, operational, sectoral, sustainability (ESG related matters) information, cyber security risks or any other risk as deemed necessary by the committee.
 - b. Risk Mitigation measures including systems and processes for the internal control of identified risks.
 - c. Business Continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the Company;
- To monitor and oversee implementation of the risk management policy including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about the nature and contents of its discussions, recommendations and actions to be taken;
- To review the appointment, removal and terms of remuneration of the Chief Risk Officer, if any.

The Board has adopted a Risk Management Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company at:

<http://panamapetro.com/wp-content/uploads/2022/07/Risk-Management-Policy.pdf>

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

Name of the Member	Attendance at the Risk Management Committee Meeting	% of total attended during the tenure as a Director / Secretary
Mr. Mukesh Mehta (Chairman)	2	100
Mr. Amin A. Rayani (Member)	2	100
Ms. Madan Mohan Jain (Member)	2	100
Company Secretary		
Ms. Gayatri Sharma	2	100

(b) Meetings of the Committee

During the Financial Year April 01, 2022 to March 31, 2023, 2 (Two) meetings were held on: July 29, 2022 and January 04, 2023.



❖ **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**



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

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

Terms of Reference of the Committee, inter alia, includes the following:

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

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company: http://panamapetro.com/wp-content/uploads/2021/06/CSR_Policy_amended.pdf

The Annual Report on CSR activities for the year 2022-2023 forms part of the Directors’ Report.

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

Name of the Member	Attendance at the Corporate Social Responsibility Committee Meeting	% of total attended during the tenure as a Director / Secretary
Mr. Mukesh Mehta (Chairman)	2	100
Mr. Amin A. Rayani (Member)	2	100
Ms. Nargis Kabani (Member)	2	100
Company Secretary		
Ms. Gayatri Sharma	2	100

b. Meetings of the Committee

During the Financial Year April 01, 2022 to March 31, 2023, 2 (Two) meetings were held on the following dates: May 30, 2022 and January 23, 2023.

4. GENERAL BODY MEETINGS

a. Particulars of past three Annual General Meetings of the Company:

Year	Date	Venue	Time	No. of Special Resolution(s) passed
2020	September 08,2020	Through Video Conference	11:30 A.M	2
2021	September 06, 2021	Through Video Conference	11:30 A.M	0
2022	September 05, 2022	Through Video Conference	11:30 A.M	1

(b) Postal Ballot:

The Company had not conducted any postal ballot during the year.

(c) Disclosure Regarding appointment/re-appointment of Director in the ensuing AGM:

As required under 36(3) of the Listing Regulations and Secretarial Standard-2, particulars of the Directors seeking appointment/re-appointment are provided in the notice convening this meeting.

5. CODE OF CONDUCT

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

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

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

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

6. SUBSIDIARIES

The Company has adopted a Policy on Material Subsidiary in line with the requirements of the Listing Regulations. The objective of this Policy is to lay down criteria for identification and dealing with material subsidiary and to formulate a governance framework for subsidiary of the Company. The Policy on Material Subsidiary is available on the website of the Company.

Panol Industries RMC FZE incorporated in Ras Al Khaimah, UAE on October 01, 2012, is a material subsidiary in the current accounting year as per the thresholds laid down under the Listing Regulations, and accordingly requirements relating to composition of Board of Directors of unlisted material subsidiary is complied with.

Mubarak Alketbi Charated Accountants appointed on November 01, 2016 are the Statutory Auditors of Panol Industries RMC FZE.

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

7. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

As per the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time), the Company has formulated and implemented a Code of Conduct for Regulating, Monitoring and Reporting of trading by the Designated Persons and their immediate relatives.

All the Designated Persons as defined in the Code are governed by this Code. The Company has also formulated and uploaded on its website the Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information as envisaged under Regulation 8(1) of above regulations.

As required under Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulation, 2015 (as amended), Audit Committee of the Board of Directors of the Company has reviewed the Compliances with the provisions of these regulations and has also verified the internal control systems in this respect and the same are adequate and operating effectively.

8. DISCLOSURES**(a) Related Party Transactions:**

There are no materially significant related party transactions with its Promoters, Directors or the Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large. The other related party transactions are given in Notes to Accounts annexed to and forming the part of Balance Sheet and Profit



and Loss Account of the Company. The Company has formulated a Related Party Transactions Policy and the same is displayed on the Company's website at the web link: <http://panamapetro.com/wp-content/uploads/2022/04/Related-Party-Transaction-Policy.pdf>

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

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

(c) Disclosure of Risk management:

The Company has a robust and comprehensive framework for identification and mitigation of risks. The Risk Management Committee is responsible for reviewing the risk management processes and ensuring its effectiveness. The Audit Committee has an additional oversight on financial risks and controls. Further details on risk management are given in the Management Discussion & Analysis Report which forms part of this Annual Report.

(d) Whistle Blower Policy:

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

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

(e) Material Subsidiary:

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

(f) Disclosure of Accounting Treatment:

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 and other relevant provisions of the Act.

(g) Details of compliance with mandatory requirements:

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance. A certificate from the practicing Company Secretary to this effect has been included in this report.

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

The Managing Director & CEO and the Chief Financial Officer have certified to the Board in accordance with Part B of Schedule II to the Listing Regulations pertaining to CEO/CFO certification for the Financial Year ended March 31, 2023.

(i) Discretionary Requirements:

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

- **Reporting of Internal Auditor**

The Internal Auditor reports to the Audit Committee.

- **Modified Opinion(s) in the Audit Report**

The financial statements of the Company are with unmodified audit opinion.



(j) Prevention, prohibition and redressal of sexual harassment at workplace:

Status of complaints in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 for the Financial Year 2022-2023 is as follows:

Number of complaints filed during the financial year: 0

Number of complaints disposed off during the financial year: 0

Number of complaints pending as on end of the financial year: 0

(k) Details of utilization of funds:

The Company has not raised any funds through preferential allotment or qualified institutions placement.

(l) Confirmation by the Board of Directors regarding acceptance of recommendation of all Committees:

In terms of the amendments made to the Listing Regulations, the Board of Directors confirm that during the year, it has accepted all recommendations received from all its Committees to the extent possible.

(m) Total Fees paid by the Company and its subsidiary, on a consolidated basis to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part:

A total fee of ₹ 0.24 Cr. was paid by the Company and its subsidiaries, on a consolidated basis, for all services rendered by JMR & Associates LLP, Statutory Auditors and all entities in the network firm/ entity of which they are part.

(n) Loans and Advances:

The Company has not advanced any loan to firms/companies where Directors are interested.

(o) Dividend Distribution Policy:

The Company has formulated a Dividend Distribution Policy and has disclosed the same on the Company's website at the web link: <http://panamapetro.com/wp-content/uploads/2021/08/ddp-web.pdf>

9. MEANS OF COMMUNICATION

(a) Quarterly Results/Annual Results:

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

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

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

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

(d) Presentations made to institutional investors/to the analysts:

The presentations made to the institutional investors/analysts are made available on the website of the Company: <http://panamapetro.com/analyst-institutional-investors-meetings/>

10. GENERAL SHAREHOLDERS INFORMATION

(a) Annual General Meeting:

Day, Date and Venue : Tuesday, August 29, 2023 through Video Conference only.

Time : 11.30 A.M.



(b) Financial Year : April 2023 to March 2024

➤ **Financial Calendar (2023-24)**

Events	Tentative time frame
Financial Reporting for the second quarter ending September 30, 2023	2 nd week of November, 2023
Financial Reporting for the third quarter ending December 31, 2023	2 nd week of February, 2024
Financial Reporting for the fourth quarter ending March 31, 2024	Last Week of May, 2024

(c) Dates of Book Closure:

August 23, 2023 to August 25, 2023 (Both days inclusive)

(d) Dividend Payment Date:

Interim - 06.12.2022

Final - Within two weeks from the declaration of the dividend

(e) Listing on Stock Exchanges:

Equity Shares

The Shares of the Company are listed on:

- **BSE Limited:** Mumbai Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai-01.
- &
- **National Stock Exchange of India Ltd.:** Exchange Plaza, 5th Floor, Plot No.C/1, G Block. Bandra Kurla Complex, Bandra (E), Mumbai-51.

Stock Code:

BSE Limited : 524820
National Stock Exchange of India Limited : PANAMAPET
Demat ISIN Number for NSDL & CDSL : INE305C01029

The Company has paid the listing fees to these Stock Exchanges for the Financial Year 2022-23.

Global Depository Receipts(GDRs)

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

Security codes of GDRs

COMMON CODE : 065195372
ISIN : US6982941055
CUSIP : 698294105

(f) Market Price Data:

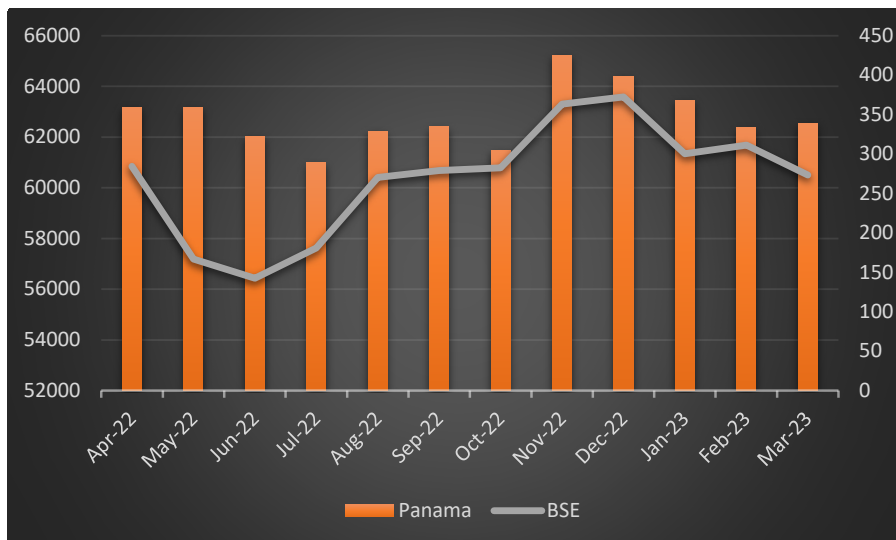
High/Low of market price of the Company's equity shares traded on BSE during the last financial year April 01, 2022 to March 31, 2023 were as follows:

Month	High (₹)		Low (₹)		Month	High (₹)		Low (₹)	
	BSE	NSE	BSE	NSE		BSE	NSE	BSE	NSE
April	359.00	359.50	260.25	265.00	October	304.70	299.70	270.10	271.85
May	358.75	358.00	239.00	238.55	November	424.75	425.00	281.20	280.50
June	322.55	322.40	261.30	261.95	December	398.70	398.70	325.10	325.65
July	288.80	290.00	245.00	234.45	January	368.40	368.70	307.55	308.50
August	329.00	329.05	279.00	278.25	February	333.00	333.05	290.50	291.40
September	334.00	334.20	284.80	286.00	March	338.80	339.05	268.05	268.00

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



(g) Performance in comparison to BSE SENSEX



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

Members may correspond with the Company’s Registrars and Share Transfer Agents, **M/s Bigshare Services Pvt. Ltd.**, quoting their folio numbers/ DP ID and Client ID at the following addresses:

Name	Bigshare Services Pvt. Ltd.
Address	Office No S6-2, 6 th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093.
Telephone No.	91-22-62638200
E-mail	info@bigshareonline.com

(i) Share Transfer System

The Company’s shares are traded in the BSE Ltd. & National Stock Exchange of India Limited, compulsorily in Demat mode.

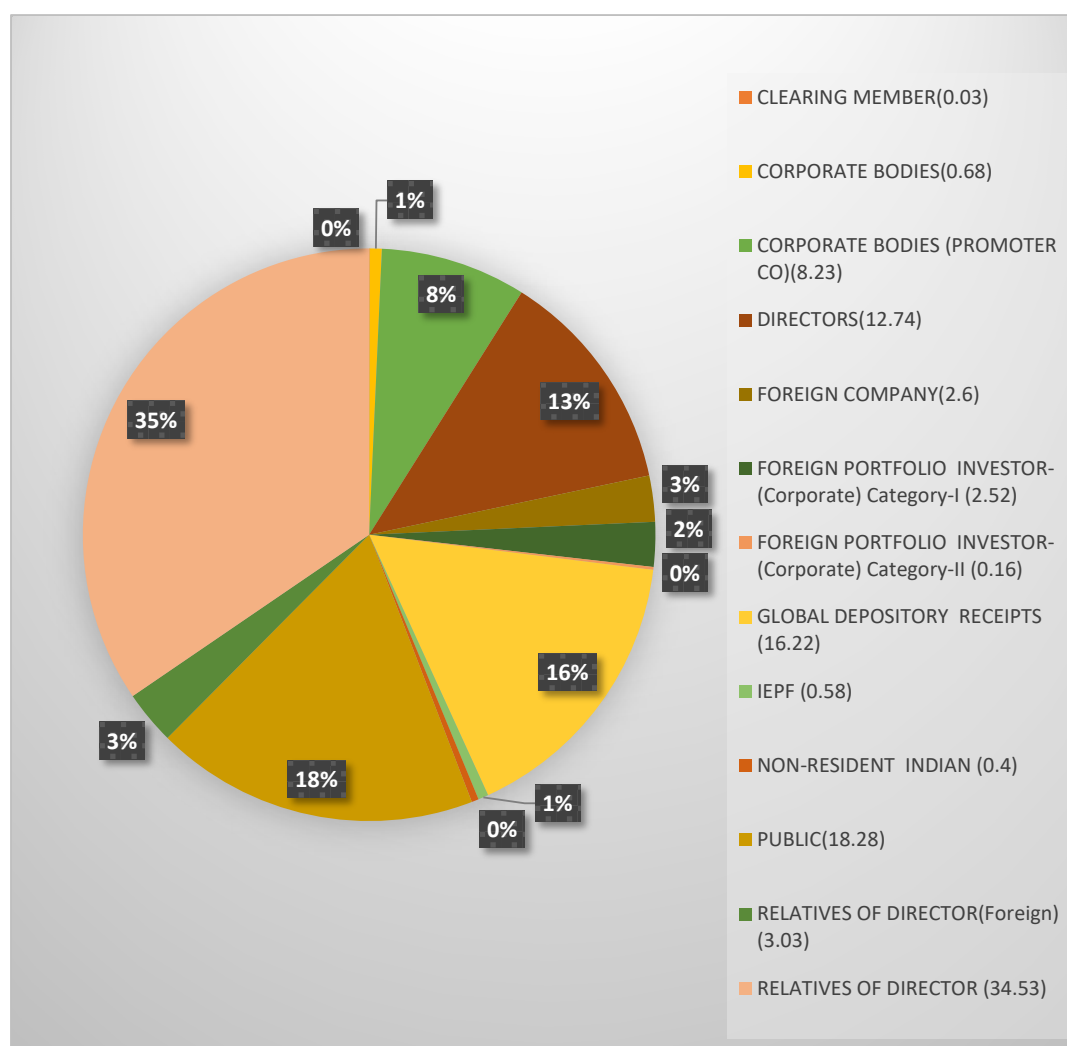
Effective April 1, 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository. Therefore, for effecting any transfer, the securities shall mandatorily be required to be in demat form.

(j) Distribution of Shareholding as on March 31, 2023:

Shareholding of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In ₹	% to Total
Up to 5000		23924	97.47	8152942	6.74
5001	10000	278	1.13	2051036	1.7
10001	20000	169	0.69	2499924	2.07
20001	30000	53	0.22	1329284	1.10
30001	40000	21	0.08	739806	0.61
40001	50000	22	0.09	984058	0.81
50001	100000	27	0.11	1994444	1.65
100,001 and Above		51	0.21	103235702	85.33
Total		24,545	100	12,09,87,196	100

(k) Shareholding Pattern as on March 31, 2023

Category	Total Shares	Percentage
CLEARING MEMBER	15217	0.03
CORPORATE BODIES	409995	0.68
CORPORATE BODIES (PROMOTER CO)	4979065	8.23
DIRECTORS	7709145	12.74
FOREIGN COMPANY	1574310	2.60
FOREIGN PORTFOLIO INVESTOR-(Corporate) Category-I	1523868	2.52
FOREIGN PORTFOLIO INVESTOR-(Corporate) Category-II	95436	0.16
GLOBAL DEPOSITORY RECEIPTS	9810937	16.22
IEPF	348138	0.58
NON-RESIDENT INDIAN	244107	0.40
PUBLIC	11059705	18.28
RELATIVES OF DIRECTOR(Foreign)	1832977	3.03
RELATIVES OF DIRECTOR	20890698	34.53
Total	6,04,93,598	100.00





(l) Secretarial Audit

- M/s Milind Nirkhe & Associates, Practicing Company Secretaries have conducted the Secretarial Audit of the Company for the financial year 2022-23. Their Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act, 2013 and the Rules made there under, Listing Regulations, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.
- Pursuant to Regulation 40(9) of the Listing Regulations, certificates have been issued annually by the Company Secretary in practice.
- The Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).
- The Company has obtained an Annual Secretarial Compliance Report from M/s Milind Nirkhe & Associates, Practicing Company Secretaries confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines, for the year ended March 31, 2023.
- M/s Milind Nirkhe & Associates, Practicing Company Secretaries have issued a certificate confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority. The Certificate of Company Secretary in practice is annexed herewith as a part of the report.

(m) Dematerialization of shares and liquidity:

As on March 31, 2023 about 99.14% of the Company's equity paid-up capital had been dematerialized. Trading in equity shares of the Company at the Stock Exchange is permitted compulsorily in demat mode.

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

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

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

Outstanding GDRs as on March 31, 2023 are 2,61,625 representing 98,10,937 Equity shares constituting 16.22% of the paid up share capital of the Company.

(p) Credit Rating:

Based on the financial and operational performance of the Company for the year under review, CARE Ratings Limited has reaffirmed the rating on Long Term Bank Facilities to 'CARE A+; Stable' and upgraded the rating on Short Term Bank Facilities to CARE A1+ from CARE A1.

ICRA Ratings Limited has upgraded the rating on long term bank facilities /fund based limits to [ICRA]A+(Stable) and on short- term bank facilities/ non-fund based limits to [ICRA]A1+

(q) Plant Locations:

The Company has the following units located at:

1. Plot No: 3303, GIDC Industrial Estate, Ankleshwar-393 002, Gujarat.
Tel: 91-2646-221 068 / 250 281
Email: ankl@panamapetro.com
2. Survey No: 78/2, Daman Industrial Estate, Unit III, Poly Cab Road, Village Kadaiya, Dist. Daman, Daman (UT)-396 210.
Tel: 91-260-329 1311
Email: daman@panamapetro.com



3. Plot No. H-10-11-12 and H-14-15 M.I.D.C., Taloja, Navi Mumbai - 410208.
Tel: 91-22-27411456
Email: taloja@panamapetro.com
4. Plot No. 23 & 24 SEZ, Dahej, Bharuch District, Gujarat-392110.
Tel: 91-2641-320980
Email: dahej@panamapetro.com

(r) Address for Correspondence:

The shareholders may send their communication grievances/ queries to the Registrar and Share Transfer Agents or to the Company at:

Corporate Office:
Panama Petrochem Ltd.
401, Aza House, 24, Turner Road,
Bandra (W), Mumbai 400 050
Phone: 022- 42177777 Fax: 022- 42177788
e-mail: cs@panamapetro.com

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

Amirali E. Rayani
Chairman
DIN:00002616

Date : July 10, 2023
Place : Mumbai

CEO Certificate On Corporate Governance

To,
The Members of
PANAMA PETROCHEM LIMITED

I, Amin A. Rayani, Managing Director & CEO of Panama Petrochem Limited hereby declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2023.

For **Panama Petrochem Ltd.**

Date : May 30, 2023
Place : Mumbai

Amin A. Rayani
Managing Director & CEO
DIN: 00002652

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



CEO & CFO Certification

To,
The Board of Directors,
PANAMA PETROCHEM LIMITED

We hereby certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Panama Petrochem Ltd.**

Amin A. Rayani
Managing Director & CEO
DIN: 00002652

Date : May 30, 2023
Place : Mumbai

Pramod Maheshwari
CFO

Certificate Of Non-Disqualification Of Directors

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by Panama Petrochem Limited, having its Registered office at Plot No.3303, GIDC Estate, Ankleshwar, Gujarat-393002 and also the information provided by the Company, its officers, agents and authorized representatives, we hereby report that during the Financial Year ended March 31, 2023, in our opinion, none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Company by the Board/Ministry of Corporate Affairs or any such Statutory authority.

For MILIND NIRKHE & ASSOCIATES
Company Secretaries

MILIND NIRKHE
Membership No: 4156
CP NO: 2312
Peer Review Certificate No.: 1141/2021
UDIN NO: F004156E000417261

Date: May 30, 2023
Place: Mumbai



Practicing Company Secretary's Certificate on Corporate Governance

To,

The Members of **Panama Petrochem Limited**

We have examined the compliance of the conditions of Corporate Governance by Panama Petrochem Limited ('the Company') for the year ended 31st March, 2023 as stipulated under Regulation 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D, & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations for the year ended on March 31, 2023.

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

**For MILIND NIRKHE & ASSOCIATES
Company Secretaries**

**MILIND NIRKHE
Membership No: 4156
CP NO: 2312**

**Peer Review Certificate No.: 1141/2021
UDIN NO: F004156E000575331**

**Date : July 10, 2023
Place : Mumbai**

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING
SECTION A: GENERAL DISCLOSURES
I. Details of the listed entity:

1. **Corporate Identity Number (CIN) of the Listed Entity:** L23209GJ1982PLC005062
2. **Name of the Listed Entity:** Panama Petrochem Ltd.
3. **Year of incorporation:** 09.03.1982
4. **Registered office address:** Plot No. 3303, GIDC Estate, Ankleshwar, Gujarat-02
5. **Corporate address:** 401, Aza House, 24 Turner Road, Bandra(W), Mumbai-50
6. **E-mail:** ho@panamapetro.com
7. **Telephone:** 022-42177777
8. **Website:** www.panamapetro.com
9. **Financial year for which reporting is being done:** April 2022- March 2023
10. **Name of the Stock Exchange(s) where shares are listed:** BSE Ltd. & National Stock Exchange of India Ltd.
11. **Paid-up Capital:** ₹ 12.10 Crore
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:
 - i. Hussein Rayani- Jt. Managing Director
 - ii. Contact No.- 022-42177777
 - iii. E-mail- hussain@panamapetrochem.com
13. **Reporting boundary -** The disclosures under this report are made on a standalone basis

II. Products/services
14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Coke & Refined Petroleum Products	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Panoil	192 (Manufacturer of refined petroleum products)	98.11%

III. Operations:
16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	4	4	8
International	1	1	2

17. Markets served by the entity:

- a. Number of locations

Locations	Number
National (No. of States)	PAN-India
International (No. of Countries)	Globally the Company serves more than 75 countries

- b. **What is the contribution of exports as a percentage of the total turnover of the entity?**

Over the years, the Company has been focusing on increasing its market reach. Presently the Company is serving the market requirements in more than 75 countries. Further, the Company has been undertaking several initiatives to grow its exports and to fulfil the market needs across the globe at present 33.46% of total turnover is contributed by exporting the products.

- c. **A brief on types of customers:** Our customers are from a range of diversified industry sectors from across the globe and we cater to various market segments including Cosmetic Manufacturers, Pharmaceutical Companies, Manufacturers of Rubber Tires, Rubber Products, Electrical Transformers, Lubricant Blenders and Off-Set Printing Ink.

IV. Employees
18. Details as at the end of Financial Year: F.Y. 2022-2023

- a. **Employees and workers (including differently abled):**

S. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	126	104	82.54%	22	17.46%
2.	Other than Permanent (E)	13	8	61.54%	5	38.46%
3.	Total employees (D + E)	139	112	80.58%	27	19.42%
WORKERS						
4.	Permanent (F)	30	30	100%	Nil	0%
5.	Other than Permanent (G)	81	78	96.30%	3	3.70%
6.	Total workers (F + G)	111	108	97.30%	3	2.70%

- b. **Differently abled Employees and workers:**

S. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	0%	0	0%
2.	Other than Permanent (E)	0	0	0%	0	0%
3.	Total differently abled employees (D+E)	0	0	0%	0	0%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	0%	0	0%
5.	Other than permanent (G)	0	0	0%	0	0%
6.	Total differently abled workers (F+G)	0	0	0%	0	0%



19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.5%
Key Management Personnel	6*	1	16.67%

* KMP includes members of the Board.

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	F.Y. 2022-23			F.Y. 2021-22			F.Y. 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	11.71%	13.95%	12.10%	9.85%	25.00%	12.35%	10.68%	15.00%	11.38%
Permanent Workers	6.15%	NA	6.15%	6.15%	NA	6.15%	3.39%	NA	3.39%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding / Subsidiary / Associate / Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Panol Industries RMC FZE	Subsidiary	100%	The Overseas Subsidiary Company undertakes various community engagement or development activities and initiatives, independently, as per the laws/regulations applicable to it.

VI. CSR Details

(₹ in Cr.)

22.	i.	Whether CSR is applicable as per section 135 of Companies Act, 2013	YES
	ii.	Turnover	1,708.24
	iii.	Net worth	770.68

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Panama Petrochem Ltd.'s Vigil Mechanism and Whistleblower Policy encompass Company's ethics, core values, integrity, principles and grievance redressal mechanism along with oversight of Board of Directors and role of top management.

The Vigil Mechanism provides a platform for all stakeholders to report any actual or potential malpractices. The Company's policy for grievance Redressal can be accessed at:

<http://panamapetro.com/wp-content/uploads/2015/12/Whistle-blower-policy.pdf>

Additionally, a dedicated e-mail id to receive grievances from the shareholders/investors and other stakeholders has been made available to the public at large on the website of the Company:

<http://panamapetro.com/contact-for-investor-grievances/>



Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	F.Y. 2022-2023			F.Y. 2021-2022		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	-	0	0	-
Investors (other than shareholders)	Yes	0	0	-	0	0	-
Shareholders	Yes	3	0	-	0	0	-
Employees and Workers	Yes	0	0	-	0	0	-
Customers	Yes	0	0	-	0	0	-
Value Chain Partners	Yes	0	0	-	0	0	-

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Occupational Health and Safety	Risk & Opportunity	<p>RISK: Being in a petrochemical industry, health and safety of workforce is an inherent risk and non-compliance of safety norms will not only have an adverse impact on the brand name of the Company but will also give rise to several legal implications and penalties.</p> <p>OPPORTUNITY: Strong internal controls, root cause analysis of incidents, if any and corresponding corrective action plan will not only enhance employee/worker safety and well-being but will also lead to better productivity.</p>	Engaging in proactive assessment of health and environmental risks and subsequently developing appropriate remedial measures and implementing the strategies thereafter.	Positive and Negative
2.	Business Ethics, compliance and governance	Risk & Opportunity	<p>RISK: Non-compliance will not only result in negative brand image but also lead to heavy fines and penalties.</p> <p>OPPORTUNITY: Timely and effective compliance with regulatory and legal mandates augment good ethical behavior within and outside the Company.</p>	The Company has in place an effective internal committee to ensure adherence of all regulatory compliances as applicable to the Company from time to time.	Positive and Negative



S. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3.	Waste Management	Risk & Opportunity	<p>RISK: Waste Management is a crucial aspect of the industry. It is of utmost importance that the method adopted for waste management is through approved disposal facility and with minimum impact on the environment.</p> <p>OPPORTUNITY: Effective Waste management techniques in alignment with the Company's environment conservation strategy will highlight the Company's commitment towards improving environment preservation, reduce disposal costs and lead to resource conservation as well.</p>	Adopting mechanisms to ensure adherence to waste management strategies, compliance of legal mandates and strengthening this framework in order to continue achieving minimum to zero waste from all our manufacturing activities.	Positive and Negative
4.	Risk Management	Risk & Opportunity	<p>RISK Inadequate risk mapping and management systems will adversely impact the business organization at large affecting the financial and market standing of the Company.</p> <p>OPPORTUNITY: Risk Management relates to addressing the risks linked to the business, in a timely manner. Moreover, it also involves ascertaining and mapping the possible risks which the Company may face in the future. Consequently establishing strategies to over-come the same strengthens the Business continuity plan.</p>	The Management of the Company is actively involved in ascertaining the potential risks and threats the Company is prone to. The Risk management Committee of the Company is persistent in developing actionable mitigation steps to address and resolve the concerns.	Positive and Negative
5.	Human Rights	Risk & Opportunity	<p>RISK Absence of a comprehensive Human Rights structure and failure in complying with the human rights standards will not only give rise to regulatory fines and penalties but impact the Company's performance from the perspective of the employees and the community as well.</p> <p>OPPORTUNITY Strict adherence to the Human Rights policy and having in place strong redressal mechanisms in this regard will outline the Company's commitment, help in retaining and attracting work force.</p>	The Company has identified the key Human Rights elements, set-up strong internal controls and mechanisms to address issues if any in this regard and has a dedicated department responsible for managing matters and violations related to Human Rights within the organization at large.	Positive and Negative



S. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	Community Development : CSR Activities	Opportunity	Encouraging CSR initiatives in line with the needs of the community enables the Company to contribute to the society and practice good corporate governance in letter and spirit.	-	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	a. Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	http://panamapetro.com/policies/ Some are internal policies and views are restricted to the respective stakeholders.								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	While the Policy is applicable to the Company and its employees, the Company is committed to enhance awareness on environment sustainability amongst its employees, associates and supply chain partners through effective engagement, communication and consultation								
4.	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	The Company has adopted such policies based on the NGRBC Principles and conforms to the national and international standards. The Company is accredited as ISO 9001:2015; ISO 14001:2015 and ISO 45001:2018 certification by Benchmark.								
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	N	N	N	N	N	N	N	N	N
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met	NA	NA	NA	NA	NA	NA	NA	NA	NA

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements.

Sustainability principles are integrated in our business activities and have guided our vision to build an enduring institution that serves towards the protection and long-term needs of its customers. Our sustainability framework is integral to our business and is structured on the three principles of **ESG** i.e. **Environmental**- initiatives & offerings that reduce our carbon footprint; **Social** - responsible conduct towards all stakeholders along with products and service offerings that benefits the society at large; and **Governance**- transparent practices that promote trust amongst all our stakeholders.



It has been our top most priority to uphold the principles of Corporate Governance to ensure transparency, integrity and accountability in our functioning. We have in place strong frameworks that maintain high standards of ethical and responsible conduct of business.

Panama Petrochem Ltd. rigorously encourages inclusive growth by providing employment and training opportunities to all its employees. Safety and well-being of our employees and contractual workers have always been a priority area of work.

Beyond this, Panama Petrochem Ltd. has a dedicated CSR programme which undertakes various community development initiatives across the country. Additionally, through its efforts in emission mitigation, water and energy conservation, efficiency and waste reduction, your Company has been proactively working towards reducing its operational impact on the environment. At the same time, we are also focusing towards eco-friendly product mix through investments in renewable energy, biofuels, and cleaner petroleum products. The Business Responsibility & Sustainability Report (BRSR) presents a snapshot of the Company's ESG journey and performance during the financial year 2022-23.

Panama Petrochem Ltd. shall continue to improve upon its systems and matrices further so that the disclosures can become stronger in the times to come.

8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Name: Amirali E. Rayani DIN: 00002616 Designation: Chairman
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The overall responsibility of the Company's governance, ethics and sustainability practices rests with the Board and its Committees, who play a key role in identifying, mitigating and managing ESG risks and other material issues including management of sustainability related matters and reviewing various aspects of ESG focus areas, from time to time.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency(Annually/Half yearly/Quarterly/Any other-please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action. Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Board/Board Committees meet on a periodic basis to review the performance of the Company's initiatives, targets, and future plan of action in this regard.									The principles of Business Responsibility are integral in the day-to-day operations of the Company, and the Company's performance is reviewed by the Board / Board Committees half yearly basis and as and when required.								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	The policies of the Company are subject to audit and internal reviews conducted by the Company from time to time.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated: Not Applicable since the policies of the Company cover all the principles on NGRBCs.



SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	5	The Company conducts familiarisation programmes for its Board of Directors and the Key Managerial Personnel of the Company at regular intervals which covers topics such as ESG parameters and targets, corporate governance practices, employee well-being, and all other regulatory updates.	100%
Key Managerial Personnel			
Employees other than BoD and KMPs	26	The employees undergo various trainings or awareness sessions relating to technical/functional and behavioral aspects.	82.01%
Workers	4	The workers of the employees are educated and trained on several technical and safety related matters at regular intervals.	60%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

Being a compliance driven company, there have been zero non-compliance cases during the financial year 2022-2023.

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an Appeal been preferred? (Yes/No)
Penalty/ Fine	NIL				
Settlement					
Compounding fee					
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment	NIL				
Punishment					

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the Regulatory/enforcement agencies/judicial institutions
N.A	N.A

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Company has in place an Anti-Corruption and Anti-Bribery Policy outlining the Company's commitment towards conducting its business activities with complete integrity and in an absolute fair and honest manner without compromising its ethical standards. The policy is also made available on the website of the Company: <http://panamapetro.com/wp-content/uploads/2023/05/Anti-Corruption-and-Anti-Bribery-Policy.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	F.Y. 2022-23	F.Y. 2021-22
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	F.Y. 2022-23		F.Y. 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/ action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflict of interest.

Consistently ensuring adherence to its principles of ethics and integrity, consequently Panama Petrochem Ltd. has not faced any fine/penalty/ action taken by regulators/judicial institutions on cases of corruption and conflict of interest. Therefore, no corrective actions were required to be taken in this regard.

Leadership Indicators

- a. Does the Company have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the Company has in place a 'Policy on Related Party Transactions', which is applicable to our board members. Transactions with the board members or any entity in which such board members are concerned or interested require prior approval in such cases, the interested directors abstain themselves from participating in the discussions at the meeting.

The policy can be viewed at: <http://panamapetro.com/wp-content/uploads/2022/04/Related-Party-Transaction-Policy.pdf>

Additionally, the Company has an approved Code of Conduct for Board Members and Senior Management Personnel wherein a Director / KMP is mandated to refrain from engaging in any activity or having a personal interest that presents a conflict of interest.

Furthermore, in compliance with the statutory provisions and the Code of Conduct, requisite annual disclosure(s) are submitted by the Director's / KMP to the Company, which are taken on record.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe
ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the Company, respectively.**

For the financial year under review your company has not made any investment in R&D and capital expenditure for improving the environmental and social impact of products and processes.

2. a. **Does the Company have procedures in place for sustainable sourcing? (Yes/No) : Yes!**
 b. **If yes, what percentage of inputs were sourced sustainably?**

The Company embeds in place principles of sustainability throughout the life cycle of its production including procurement of raw materials and transportation of the final products to its designated locations.

The Company endeavours to focus on protection of environment, stakeholders interest and cost effectiveness while procuring any raw material or goods, keeping in mind the need for quality and consistency.

The Company has policies and robust process to ensure sustainable sourcing from Business Associates. The Company's Responsible Supply Chain Management governs all the engagements.

The Company has been working to enhance the degree of sustainability associated with its sourcing practices, through process of risk analysis and risk control. As a result, during the financial year 2022-23, 100% of inputs were sourced in a sustainable manner.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste**

Panama Petrochem Ltd. believes in going beyond compliance and has taken numerous steps to improve waste management practices across its operations. All businesses are optimized to minimise waste generation through evaluation of various options of resources, technologies and processes. These processes are also continuously reviewed and improvement initiatives are suitably undertaken and monitored for effectiveness. The company has in place a comprehensive standard operating procedure for handling and safe disposal of the waste generated.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

EPR is not currently applicable to the Company.

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains
ESSENTIAL INDICATORS

1. a. **Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	104	84	80.77%	92	88.46%	NA		104	100%	0%	
Female	22	18	81.82%	18	81.82%	22	100%	NA		0%	
Total	126	102	80.95%	110	87.30%	22	17.46%	104	82.54%	0%	
Other than Permanent employees											
Male	8	6	75%	6	75%	NA		8	100%	0%	
Female	5	3	60%	4	80%	5	100%	NA		0%	
Total	13	9	69.23%	10	76.92%	5	38.46%	8	61.54%	0%	

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	30	17	56.67%	28	93.33%	NA		30	100%	0%	
Female	<i>There were no female permanent workers employed for the period under review.</i>										
Total	30	17	56.67%	28	93.33%	NA		30	100%		
Other than Permanent workers											
Male	78	56	71.79%	67	85.90%	Nil					
Female	3	3	100%	3	100%						
Total	81	59	72.84%	70	86.42%						

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.

Benefits	F.Y. 2022-23			FY. 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	71.22%	84.68%	Yes	71.88%	83%	Yes
Gratuity	90.65%	27.03%	Yes	95.31%	35%	Yes
ESI	28.78%	53.15%	Yes	32.81%	58%	Yes

* The Company has an Employee Group Gratuity Trust.

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

We are committed to providing a safe, conducive and an enabling work environment to all our employees and workers. Since currently there are no differently abled employees/workers in the Company hence the requirements as mandated under the Rights of Persons with Disabilities Act, 2016, are not applicable to the Company. However, the same will be incorporated when the Organization employees differently abled individuals in the future.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Since the Company does not have any differently abled employees/workers within the organization, hence, incorporating the said policy is not applicable to the Company at the current stage.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	No permanent workers have taken any parental leave in FY 2022-23	
Female	100%	100%		
Total	100%	100%		

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (if yes, then give details of the mechanism in brief)
Permanent Workers	<p>The Company has a strong grievance mechanism in place which encourages its employees and workers irrespective of their categories to bring to attention any instances of unethical behavior, incidents, frauds or violation. As a part of the Global Whistleblower Policy, the company provides its employees/workers across the organization to report and redress their grievances.</p> <p>Additionally, the Company has incorporated an Internal Complaints Committee (ICC) dedicated to handling POSH-related matters and to address the grievances of each of the employees and workers of the organization.</p>
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognised by Company:

There are no unions/association at any level of employment in the organization, hence, this is not applicable to the Company.

8. Details of training given to employees and workers:

Category	F.Y. 2022-23					F.Y. 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C/A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Permanent Employees										
Male	104	45	43.27%	73	70.19%	101	101	100%	101	100%
Female	22	4	18.18%	17	77.27%	21	21	100%	21	100%
Total	126	49	38.89%	90	71.43%	122	122	100%	122	100%
Other than Permanent Employees										
Male	8	6	75%	8	100%	4	4	100%	4	100%
Female	5	3	60%	5	100%	2	2	100%	2	100%
Total	13	9	69.23%	13	100%	6	6	100%	6	100%
Permanent Workers										
Male	30	11	36.67%	17	56.67%	35	35	100%	35	100%
Female	NA									
Total	30	11	36.67%	17	56.67%	35	35	100%	35	100%
Other than Permanent Workers										
Male	78	0	0%	0	0%	65	0	0%	0	0%
Female	3	0	0%	0	0%	0	0	0%	0	0%
Total	81	0	0%	0	0%	65	0	0%	0	0%

9. Details of performance and career development reviews of employees and worker:

Category	F.Y. 2022-23			F.Y. 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Permanent Employees						
Male	104	102	98.08%	101	91	90.10%
Female	22	22	100%	21	16	76.19%
Total	126	124	98.41%	122	107	87.70%
Permanent Workers						
Male	30	30	100%	35	35	100%
Female	NA					
Total	30	30	100%	35	35	100%

Category	F.Y. 2022-23			F.Y. 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Other than Permanent Employees						
Male	8	6	75%	4	0	0%
Female	5	3	60%	2	0	0%
Total	13	9	69.23%	6	0	0%
Other than Permanent Workers						
Male	78	0	0%	65	0	0%
Female	3	0	0%	0	0	0%
Total	81	0	0%	65	0	0%

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the Company? (Yes/ No). If yes, the coverage such system?**

Yes. Occupational Health and Safety management system has been implemented at Panama Petrochem Ltd. The system covers all its employees and workers at all operational locations.

The Safety Management Framework covers all the business activities and the same are aligned with the ISO 45001:2018 requirements. The coverage is 100% and includes all employees and workers.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Your Company as such does not process or generate any hazardous products or by-products during its manufacturing activities. In spite of that the Company has established mechanism and processes to identify work-related hazards by undertaking a hazard identification and risk mapping assessment, including impact assessment and adopting necessary control measures thereafter for the identified risks.

The work-related hazard and the risk assessment is carried out for all kinds of routine and non-routine activities. Various risk assessment and management techniques are applied to identify and manage hazards while simultaneously ensuring adherence with all safety limits.

- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Yes, The Company has well-established Standard Operating Procedures (SOP) for employees and workers to identify and report work-related hazards and the subsequent steps to mitigate them. In addition, the Company trains its employees and workers to the extent possible with occupational health and safety modules. The training modules cover aspects of the methodology to identify work-related hazards, analyse the risks associated with it and take subsequent steps to mitigate them. The trainings and safety modules also equip the employees with the right procedure of reporting work-related hazards and the steps to remove themselves from such situations.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, all the sites have access to non-occupational medical and healthcare services by insurance policies or ESIC schemes. In addition, personnel are being trained to respond appropriately to medical emergencies on-site.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	F.Y. 2022-23	F.Y. 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0

Safety Incident/Number	Category	F.Y. 2022-23	F.Y. 2021-22
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

Panama Petrochem Ltd. maintains high standards of occupational health and safety management system and reinforces such measures periodically, as a result of which there have been ZERO Safety related incidents during the financial year.

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The safety of our employees and workers is our utmost priority. Safety trainings and inspections are carried out to ensure all safety guidelines are successfully implemented. We track the effectiveness of our health & safety mechanism across the organization periodically. All incidents, if any are thoroughly investigated with a root cause analysis followed by corrective actions being promptly adopted.

13. Number of Complaints on the following made by employees and workers:

	F.Y. 2022-23			F.Y. 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	-	Nil	Nil	-
Health & Safety	Nil	Nil	-	Nil	Nil	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

To ensure effectiveness of all the components of the safety system and activities, various audits are carried out, and the outcome of such audits are implemented in a time bound manner to the extent possible.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

Stakeholder Engagement plays a critical role in the success of Panama Petrochem Ltd. The Company consistently takes efforts to ensure that the needs and expectations of all its stakeholders are addressed in a timely and appropriate manner.

The Company has in place an internal process to identify the stakeholder groups or institutions that add value/impact the business performance in any way. The Company has identified Customers, Communities, Business Partners/Vendors/Contractors, Employees and Contract Workers, Regulatory Bodies, Shareholders/Investors as key stakeholders that are critical for the growth of the Company and who are directly or indirectly influenced/affected by the Company.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder group	Whether identified as Vulnerable & Marginalized Group	Channels of Communication E-mail, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement. (Annually/half yearly/Quarterly/ Others-please specify	Purpose & Scope of the engagement including key topics and concerns raised during such engagement
Customers	No	Customer Satisfaction & Feedback Survey, Grievance Redressal	Ongoing, Need Based basis	<ul style="list-style-type: none"> Product Quality and safety Feedback on new product launched. Environment friendly products. Quality of service rendered. Timeliness and effectiveness in meeting deadlines.
Communities	Yes	Direct engagement and through the Company's CSR project implementation partners (NGO)	As and when required	<ul style="list-style-type: none"> Community Development Activity CSR Activities
Business Partners/ vendors/ Contractors	No	Business Conferences/Vendor meets/ Trade Fairs	Ongoing	<ul style="list-style-type: none"> Engagement with suppliers, vendors enables the Company to identify the key material issues impacting the supply chain
Employees & Contract Workers	No	<ul style="list-style-type: none"> Employee Satisfaction survey/feedback Grievance redressal. Employee/Workmen Review. 	Annually, Need Based	<ul style="list-style-type: none"> Facilitating learning & Developing Track performance Implementation of best practices
Regulatory Bodies	No	Quarterly Reports, Annual Reports	Annually, Half-Yearly, Quarterly, Need Based	<ul style="list-style-type: none"> Statutory Compliances Strengthening system Strong corporate governance.
Shareholders/ Investors	No	Annual Reports, Earnings Call, Company's Website. Investor Presentations, Annual General Meeting, Complaints & Grievance Management	Annually, Half-Yearly, Quarterly, Need Based	<ul style="list-style-type: none"> Business Growth and profitability. Return to shareholders. Market Standing



PRINCIPLE 5: Businesses should respect and promote human rights

ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	F.Y. 2022-23			F.Y. 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B / A)	Total (C)	No. of employees/ workers covered (D)	% (D / C)
Employees						
Permanent	126	85	67.46%	122	122	100%
Other than permanent	13	10	76.92%	6	6	100%
Total Employees	139	95	68.35%	128	128	100%
Workers						
Permanent	30	12	40%	35	35	100%
Other than permanent	81	0	0%	65	65	100%
Total Workers	111	12	10.81%	100	100	100%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	F.Y. 2022-23					F.Y. 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	%(B/A)	No. (C)	%(C/A)		No. (E)	%(E/D)	No. (F)	%(F/D)
Employees										
Permanent										
Male	104	-	-	104	100%	101	-	-	101	100%
Female	22	-	-	22	100%	21	-	-	21	100%
Other than permanent										
Male	8	-	-	8	100%	4	-	-	4	100%
Female	5	-	-	5	100%	2	-	-	2	100%
Workers										
Permanent										
Male	30	-	-	30	100%	35	-	-	35	100%
Female	NA									
Other than permanent										
Male	78	-	-	78	100%	63	-	-	63	100%
Female	3	-	-	3	100%	2	-	-	2	100%

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	4	2,83,60,000	NA	
*Key Managerial Personnel	1	51,51,888	1	38,33,280
Employees other than BoD and KMP	107	3,68,062	26	3,33,098
Workers	30	1,82,804	NA	

* Excluding the Directors who fall under the category of KMP (Key Managerial Personnel).

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes!

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company maintains a zero-tolerance approach towards any human rights misconduct. We have established a transparent and accessible internal system to effectively address and resolve any issues related to human rights. Our Human Rights Policy outlines clear guidelines and mechanisms to prevent and address violations. Our Global Whistleblower Policy ensures comprehensive protection for all employees against victimization.

Human rights are a fundamental part of our ethical values and are integrated into our day-to-day operations, guaranteeing strict compliance with labor rights, health and safety regulations, non-discrimination policies, and the Prevention of Sexual Harassment (POSH) Act of 2013.

Additionally, we have an Internal Complaints Committee dedicated to handling POSH-related matters. We take appropriate disciplinary actions whenever necessary.

The Head of the Human Resource Department assumes the accountability of discerning, authentication, and effectively resolving grievances brought forth by the employees/workers of the organization.

6. Number of Complaints on the following made by employees and workers:

	F.Y. 2022-23			F.Y. 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	-	Nil	Nil	-
Discrimination at workplace	Nil	Nil	-	Nil	Nil	-
Child Labour	Nil	Nil	-	Nil	Nil	-
Forced Labour/Involuntary Labour	Nil	Nil	-	Nil	Nil	-
Wages	Nil	Nil	-	Nil	Nil	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has formulated a Vigil Mechanism/ Whistle Blower Policy for all the stakeholders of the Company to report to the management concerns about unethical behavior, actual or suspected fraud or violation of any of the provisions of law/ rules or regulations effective for the time being in force including the Company's code of conduct.

The Policy provides for adequate safeguards against victimization of individuals who avail the mechanism and also provides for direct access not only to the Head of the Department but directly to the Managing Director of the Company and in exceptional cases to the Chairman of the Audit Committee as well.

It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

Additionally, the Company has in place Prevention of Sexual Harassment Policy to ensure a safe and non-discriminatory work environment for its employees, workers across the organization and has formed an Internal Complaints Committee to address any instances of sexual harassment at the workplace.

8. Do human rights requirements form part of your business agreements and contracts?

The Company at this point does not cover human rights clause in its commercial contracts, but on case to case basis does cover aspects of Human Rights. Additionally, we encourage our business partners to adhere to responsible business practices in relation to human rights including compliance with applicable laws and regulations in this regard.

9. Assessments of the Year:

	%age of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labor	We are not conducting formal assessments on these topics; however, we are in compliance with all applicable laws and regulations
Forced/Involuntary Labor	
Sexual Harassment	
Discrimination at Workplace	
Wages	
Others-	

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

The Company is committed towards creating a safe workplace for all its employees and workmen, necessary steps are taken to ensure that no employee/worker of the Company is subjected to harassment of any kind.

The Company has laid down strong policies, procedures and internal controls to redress and take appropriate corrective actions in case of any complaints or non-compliance.

Moreover, in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, an Internal Complaints Committee has been formed to address any instances of sexual harassment at the workplace.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	F.Y. 2022-23 (in GJ)	F.Y. 2021-22 (in GJ)
Total electricity consumption (A)	2459.286	1918.5804
Total fuel consumption (B)	1992.93	2726.47
Energy consumption through other sources (C)	1001.19	1277.46
Total energy consumption (A+B+C)	5453.406	5922.5104
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.000000318	0.000000383
Energy intensity (optional) – the relevant metric may be selected by the entity.	0.036014426	0.033988773

Note: No independent assessment/evaluation/assurance has been carried out by an external agency for FY 2022-23.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	F.Y. 2022-2023	F.Y. 2021-2022
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	6985	8247
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	6985	8247
Total volume of water consumption (in kilolitres)	6985	8247
Water intensity per rupee of turnover (Water consumed / turnover)	0.00000041	0.00000053
Water intensity(optional)–the relevant metric may be selected by the entity	0.046129111	0.047328817

Note: No independent assessment/evaluation/assurance has been carried out by an external agency for FY 2022-23.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

The Company implements water conservation through reduce, reuse and recycle approach within its manufacturing locations. The quality of effluent discharge where applicable is ensured as per regulatory requirements.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Air emission are monitored regularly to ensure that we are in compliance with the permissible limits of applicable regulatory norms.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	F.Y. 2022-23	F.Y. 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	209.30	282.05
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	539.01	413.50
Total Scope 1 and Scope 2 emissions per rupee of turnover		0.00004 Kg of CO₂	0.00005 Kg of CO₂
Total Scope 1 and Scope 2 emission intensity (optional)– the relevant metric may be selected by the entity		5.21 Kg of CO₂	3.99 Kg of CO₂

Note: Independent evaluation has been carried out by 4C Consulting Private Limited.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Although we do not have dedicated projects to reduce GHG Emissions, however, the electricity consumed by the Company is sourced from renewable energy, simultaneously we also undertake several other measures to improve efficiency and reduce our energy consumption ensuring minimum carbon footprint.



8. Provide details related to waste management by the entity, in the following format:

The Company operates with a waste free approach, ensuring no wastage of resources, thereby demonstrating a commitment towards sustainable practices.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Constant efforts have been taken to ensure zero generation of waste. We have a proactive maintenance schedule for all our machinery and periodic inspection with an objective to ensure no generation of waste.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format.

Based on the nature of our business, the Company complies with all the environmental norms as applicable from time to time.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

ESSENTIAL INDICATORS

1. a. **Number of affiliations with trade and industry chambers/associations:** Panama Petrochem Ltd. is a member of 1 trade association, during the period under review.
- b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to:**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Bombay Chamber of Commerce	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Panama Petrochem Ltd., adheres to all the relevant policies and procedures as applicable to the Company, to ensure that there are no instances of non-compliance pertaining to anti-competitive conduct.

PRINCIPLE 8: BUSINESS SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

During the financial year No Social Impact Assessments of projects were undertaken by the Company.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

The Company has not engaged in any Rehabilitation and Resettlement activity during the financial year.

3. Describe the mechanisms to receive and redress grievances of the community.

All the Stakeholders of the Company including the Community at large, can raise their complaints/concerns through the e-mail id's provided at the Company's website, which is monitored and addressed thereupon, in a timely manner.

Depending upon the nature of the grievance, the matter is further taken up by the concerned department to resolve the same.

The Stakeholders can connect with the company through either of the following links:

<http://panamapetro.com/ho-details/>

Or

<http://panamapetro.com/contact-for-investor-greviances/>

Additionally, the Company has in place a Global Whistle Blower Policy which is available on the website of the Company for easy access to all the stakeholders of the Company.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	F.Y. 2022-23	F.Y. 2021-22
Directly Sourced from MSM's/small producers	0%	0%
Sourced Directly from within the district and neighboring districts	10%	10%

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable, as the Company did not undertake any Social Impact Assessment for its CSR Projects for the Financial Year 2022-23.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

During the Financial Year under review the Company has successfully implemented its CSR Obligation, however, no activity was undertaken in Aspirational Districts as identified by the Government Bodies.

3. (a) Do you have a Preferential Procurement Policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups?

The Company does not have a Preferential Procurement Policy. Suppliers are selected based on Company requirement and supplier assessment.

(b) From which marginalised/vulnerable groups do you procure?

Not Applicable

(c) What percentage of the total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Not applicable.

5. Details corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable to the Company for the period under review.

6. Details of Beneficiaries of CSR Projects:

CSR Project	No. of persons benefitted from the CSR Projects	% of beneficiaries from the vulnerable and marginalized groups.
Panama Petrochem Ltd. carries out its CSR initiatives in a wide range of areas specified under Schedule VII of the Companies Act, 2013. Our interventions are focused on several key areas such as Healthcare, Education, Sustainable Livelihood, Environment Sustainability etc	The primary objective of the CSR Projects is to reach out to the communities from the weak socio-economic background ranging from the rural to the urban population. Project wise beneficiary details are available separately under CSR section of the Annual Report.	All CSR Projects are targeted towards socio-economic development of marginalized and vulnerable communities including the economically backward groups. Additionally, the Company's prime focus is value addition to the society and the communities around it.

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner
ESSENTIAL INDICATORS
1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback:

A well-established system is in place for dealing with customer feedback and complaints. Customers are provided multiple options to connect with the Company through email, telephone, website, feedback forms, etc. All complaints are appropriately addressed and all efforts are taken to resolve the same in a timely manner.

The Customers also have access to the Global Whistle Blower Policy of the Company, which has been made available on the Website of the Company.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	0%

3. Number of consumer complaints in respect of the following:

	F.Y. 2022-23		F.Y. 2021-22	
	Received during the year	Pending resolution at end of year	Received during the year	Pending resolution at end of year
Data privacy	NIL			
Advertising				
Cyber-security				
Delivery of essential services				
Restrictive Trade Practices				
Unfair Trade Practices				

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for Recall
Voluntary Recalls	Nil	N.A
Forced Recalls	Nil	N.A



5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

The use of information and telecommunication technologies is increasing, resulting in greater security threats to the digital infrastructure. A breach of the digital security or disruptions to the digital infrastructure of the Company, due to cyber-attacks or any human error could lead to serious consequences to its businesses. These impacts may include injury to staff, loss of control, impact on continuity or damage to assets and services, harm to the environment, the loss of sensitive data or information, legal and regulatory breaches and reputational damage. Keeping in view the damage that can be caused to the Company, its management continues to strengthen its responses to cyber security threats through proactive and reactive risk mitigations. The Company has constituted a dedicated Risk Management Committee with the responsibility of overseeing the risks faced by the Company and proposing appropriate corrective measures to address them.

The Risk Management Policy of the Company covers aspects of Cyber Security Risks as well, and the same is made available on the website of the Company.

The Company has procured a distinct insurance cover aimed at mitigating potential risks arising from cyber security threats.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The Company has Zero tolerance towards unethical activities or malpractices of any form in business operation, marketing or data privacy norms. We maintain high standards in conducting our business and ensure compliance with regulatory obligations. Consequently, during the financial year under review, no complaints or instances arose in this regard hence, no material corrective actions were required to be taken pertaining to the same.

LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information relating to the products and services provided by the Company can be assessed through <http://panamapetro.com/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The Company essentially relies on its product packaging which provides all the necessary information on safe and responsible usage of the products. Additionally, the Company extends an opportunity to explain about its products, innovations, new technology and techniques that are implemented to enhance product quality and work methodology through Contracts, MoUs and our Sales Policy which has specific information on the usage of products. Trade fairs, business conferences, and customer interactions, whether in the form of visits or meetings, constitute vital channels for disseminating information about safe and responsible usage of products.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The business continuity and disaster management function supports the strategic objective of the organization and proactively strengthens the organization's ability to effectively respond to internal and external threats in the event of any disruption. The end-to-end framework is effectively managed through defined policy, procedures, guidelines and through in-house developed tools that support planning and communication with all stakeholders. The Company has a dedicated mechanism to inform its consumers about the risk of disruption/discontinuation of essential services. We provide timely information in case of planned shutdown/ sale or supply disruptions including at the times of unplanned shutdowns if any, the Company takes all preventive actions to handle the fluctuations ensuring minimum impact.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

The Company strives to promote informed decisions, hence measures are taken to ensure adequate and accurate information to be disseminated on the product label. Additionally, product specs are sent along with the transportation documents.

Furthermore, Consumer Satisfaction Surveys are being conducted periodically to assess the consumer satisfaction levels and consumer trends.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact: Nil

b. Percentage of data breaches involving personally identifiable information of customer: Nil



Independent Auditor’s Report

To the Members of Panama Petrochem Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Panama Petrochem Limited (“the Company”)**, which comprises of the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements gives a true and fair view in conformity, with the aforesaid Ind AS and other accounting principles generally accepted in India prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (“SA’s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor’s Response
1	<p>Inventory Existence:</p> <p>The Company recognized inventory of ₹ 276.79 crores as at 31 March 2023. Inventory is held at various locations across India.</p> <p>Within each Location, inventory is stored in warehouses, tanks, containers and tanks attached to the Bonded Custom Warehouse.</p>	<p>We attended inventory counts at locations, which we selected based on financial significance and risk.</p> <p>For locations attended, we performed the following procedures at each site:</p> <ul style="list-style-type: none"> • Selected a sample of inventory items and compared the quantities we counted with the book balance. • Observed a sample of managements inventory count procedures to assess compliance with Company Policy and • Made enquiries regarding obsolete inventory items and inspected the condition of items counted.



Sr. No.	Key Audit Matter	Auditor's Response
1	<p>This is a key audit matter because of the</p> <ul style="list-style-type: none"> • Significance of the inventory balance to the statement of financial position and • Complexity involved in determining inventory quantities on hand due to the number, conversion from Ltr. to Kgs., location and diversity of inventory storage locations, inventories lying with third parties etc. 	<ul style="list-style-type: none"> • Tested whether necessary adjustments are recorded in the financial statements for all material differences arising from physical stock counts. • evaluated the design and implementation of the controls over physical verification of inventories and tested the operating effectiveness of the controls during the year. • for stocks at third party warehouses, obtained confirmations, and as appropriate performed roll-back procedures to tally with stock quantities at the year end, on a sample basis. • verified the analytical reviews performed by the management such as consumption analysis and stock movement analysis for the year for raw material and finished goods at factories, on a sample basis.
2	<p>Trade Receivables:</p> <p>Trade receivables comprise a significant portion of the current assets of the Company and serve as security for a majority of the Company short-term debt. As indicated in Note 6.2 to the Standalone financial statements. The receivables provision has made based on Expected Credit Loss method. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future. Accordingly, the estimation of the allowance for trade receivables is a significant judgments area and is therefore considered a key audit matter.</p>	<p>We have considered payments received subsequent to year-end, insurance held for overseas trade receivables, past payment history and unusual patterns to identify potentially impaired balances. The assessment of the appropriateness of the allowance for trade receivables comprised a variety of audit procedures across the Company including:</p> <ul style="list-style-type: none"> • Assessing the appropriateness and reasonableness of the assumptions applied in the managements' assessment of the receivables allowance; • Consideration of the credit worthiness of significant trade receivables over 90 days; • Consideration and concurrence of the agreed payment terms; • Verification of receipts from trade receivables subsequent to year-end; • Inspection of credit insurance policies; and • Considered the completeness and accuracy of the disclosures. To address the risk of management bias, we evaluated the results of audit procedures on other key balances to assess whether or not there was an indication of bias. We were satisfied that the Company's trade receivables are fairly valued and adequately provided. We further considered whether the provisions were misstated and concluded that they were appropriate in all material respects, and disclosures related to trade receivable in the standalone financial statements are appropriate.



Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Standalone Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process of the Company.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion

on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. As stated in Note 9 (f) to the standalone financial statements:
 - (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
 - (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
 - (c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
 - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.



2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **JMR & Associates LLP**

Chartered Accountants

Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner

Membership No. 114003

Place: Mumbai

UDIN: 23114003BGSCIT8133

Date: 30 May, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Panama Petrochem Limited of even date)

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

We have audited the internal financial controls over financial reporting of **Panama Petrochem Limited ("the Company")** as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,



projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2023 based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **JMR & Associates LLP**

Chartered Accountants

Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner

Membership No. 114003

Place: Mumbai

UDIN: 23114003BGSCIT8133

Date: 30 May, 2023



ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Panama Petrochem Limited** of even date.)

- i. In respect of property, plant and equipment and intangible assets:
 - a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.
 - b) As informed to us, the property, plant and equipment's have been physically verified by the management during the period according to a phased program. In our opinion, such program is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification by the management.
 - c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company
 - d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder
- ii. In respect of its inventories:
 - (a) As informed to us, the physical verification of the inventories was done by the management at reasonable intervals at the end of each month and for year-end. We have received confirmation with respect to inventories lying with third parties. In our opinion, the frequency of verification is reasonable. Further, on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
 - (b) The Company has sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. The quarterly Information statements filed by the company with financial institutions or banks are in agreement with the books of account of the Company.
- iii.
 - a) During the year, the Company has not provided loans or provided advances in the nature of loans or provided security to any other entity, however provided guarantee, to bank for wholly owned subsidiary in respect of which Bank Guarantee outstanding balance at the end of the year is ₹ 16.44 crores (\$ 20 Lakhs) and Corporate Guarantee outstanding balance at the end of the year is ₹ 41.11 crores (\$ 50 Lakhs).
 - b) In our opinion, the investments made during the year in the shares of listed companies and guarantee provided are, prima facie, not prejudicial to the Company's interest.
 - c) The Company has not provided loans or provided advance in nature of loans and therefore reporting under clause 3(iii)(c) to 3(iii)(f) of the Order is not applicable to the Company.
- iv. The Company has not granted any loan under section 185 of the Act. The Company has complied with the provisions of section 186 of the Act, with respect to the investment and guarantees. The Company has neither given any security nor given any loans during the year.

- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of section 73 to 76 of the Act and rules framed thereunder, and accordingly, the provisions of Clause (v) of Para 3 of the Order are not applicable to the Company.
- vi. We have broadly reviewed accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section (1) of Section 148 of the Act, related to manufacture of specialty petroleum products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of records with a view to determine whether they are accurate.
- vii. In respect of statutory dues:
- According to the information and explanations given to us and according to the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, cess or/and any other material statutory dues wherever applicable.
 - According to the information and explanations given to us there were no outstanding statutory dues as on 31 March 2023 for a period of more than six months from the date they became payable.
 - According to the information and explanation given to us, there are no dues outstanding in respect of Income-tax, VAT, Excise duty, Service tax, Custom duty, Goods and Service tax, Cess or/and any other material statutory dues wherever applicable, which have not been deposited on account of any dispute, except the following;

Name of the Statute	Nature of the Dues	Amount (INR in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Central Excise Duty	0.40	FY 2016-17	The Commissioner Appeals CGST & Central Excise Commissioner ate, Surat.
Central Excise Act, 1944	Central Excise Duty	0.28	FY 2017-18	The Commissioner Appeals CGST & Central Excise Commissioner ate, Ahmedabad.
Income Tax Act, 1961	Income Tax	13.33	FY 2017-18	Commissioner of Income Tax (Appeals)

- viii. In our opinion, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company do not have any borrowings from financial institutions, government or dues to debenture holders.
- Based on our audit procedures and on the basis of information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - Based on our audit procedures and on the basis of information and explanations given to us, the Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
 - on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
 - On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries



- f) based on our audit procedures and on the basis of information and explanations given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiary.
- x. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- xi. (a) Based upon the audit procedures performed and the information and explanations given by the management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) According to the information and explanations given to us, the Company not received any whistle blower complaints during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions of Clause (xii) of Para 3 of the Order are not applicable to the Company.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with the directors, requiring compliance with Section 192 of the Companies Act.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



- xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in the report.

For **JMR & Associates LLP**

Chartered Accountants

Firm Registration No. 106912W / W100300

Nikesh Jain

Partner

Membership No. 114003

Place: Mumbai

UDIN: 23114003BGSCIT8133

Date: 30 May, 2023



STANDALONE BALANCE SHEET AS AT 31 MARCH 2023

Particulars	Notes	As at 31 March 2023 ₹ in Crore	As at 31 March 2022 ₹ in Crore
Assets			
1. Non-current assets			
(a) Property, Plant and Equipment	3	151.88	131.49
(b) Capital work-in-progress	3.1	13.04	4.97
(c) Investment property	4	15.76	16.04
(d) Right -of-use assets	3, 5.1	23.43	23.62
(e) Intangible Assets	5.2	0.01	0.01
(f) Financial Assets			
(i) Investments	6.1	56.31	56.78
(ii) Others	6.6	0.39	0.36
(g) Other non-current assets	8	1.74	1.22
Total Non Current Assets		262.56	234.49
2. Current assets			
(a) Inventories	7	276.79	438.56
(b) Financial Assets			
(i) Trade Receivables	6.2	313.16	265.01
(ii) Cash and cash equivalents	6.4	48.19	45.96
(iii) Bank Balances other than (ii) above	6.5	121.07	73.62
(iv) Loans	6.3	0.92	0.81
(v) Others	6.6	2.21	2.94
(c) Current Tax Assets (Net)	15	3.52	2.10
(d) Other Current Assets	8	11.88	29.34
Total Current Assets		777.74	858.34
Total Assets		1,040.30	1,092.83
Equity and Liabilities			
Equity			
(a) Equity Share Capital	9	12.10	12.10
(b) Other Equity	10	758.58	633.86
Total Equity		770.68	645.96
Liabilities			
1. Non-current Liabilities			
Financial liabilities			
(a) Borrowings		-	-
(b) Lease liabilities	11.1	0.32	0.03
(c) Other Non-current Liabilities/Trade Payable		-	-
Provisions	12	1.06	0.88
Deferred Tax Liabilities (Net)	13	9.26	8.03
Total Non -current Liabilities		10.64	8.94
2. Current Liabilities			
(a) Financial Liabilities			
(i) Lease liabilities	11.1	0.12	0.23
(ii) Borrowings			
(a) Borrowings (Short term)	11.2	-	-
(b) Borrowings (Current maturities to long term borrowing)	11.3	-	-
(iii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		248.03	419.78
(iv) Other Financial Liabilities	11.4	1.86	2.62
(b) Provisions	12	0.22	0.22
(c) Current Tax Liabilities (Net)	15	-	-
(d) Other Current Liabilities	14	8.75	15.08
Total Current Liabilities		258.98	437.93
Total Equity and Liabilities		1,040.30	1,092.83
Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached

For JMR & Associates LLP
Chartered Accountants
Firm Registration No. 106912W / W100300

For and on behalf of the board of directors of
Panama Petrochem Limited

CA. Nikesh Jain
Partner
Membership No : 114003

Amirali E. Rayani
Chairman
DIN:00002616

Amin A. Rayani
Managing Director & CEO
DIN:00002652

Pramod Maheshwari
CFO

Gayatri Sharma
Company Secretary & Compliance Officer

Place: Mumbai
Date : 30 May 2023

Place: Mumbai
Date : 30 May 2023

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	Year ended 31 March 2023 ₹ in Crore	Year ended 31 March 2022 ₹ in Crore
Income			
Revenue from operations	16	1,708.24	1,539.56
Other income	17	6.22	5.55
Total Income		1,714.46	1,545.11
Expenditure			
Cost of material consumed	18	1,304.11	1,136.53
Purchase of traded goods	19	24.39	22.25
Change in inventories of traded goods and finished goods	20	1.05	17.39
Employee benefits expense	21	21.03	20.19
Finance costs	22	10.10	4.24
Depreciation and amortization expense	23	6.10	5.44
Other expenses	24	105.53	111.75
Total Expenses		1,472.31	1,317.79
Profit for the year before tax		242.15	227.32
Tax expenses			
Current tax	38	60.00	57.20
Deferred tax	38	1.70	(1.48)
Short/(excess) provision of tax relating to earlier years		(0.12)	0.20
Total tax expenses		61.58	55.92
Profit for the year from continuing operations		180.57	171.40
Other Comprehensive Income			
A) Items that will not be reclassified subsequently to profit or loss			
(i) Re-measurement gains/(losses) on defined benefit plans		(0.04)	(0.01)
(ii) Income tax related to above		0.01	-
B) Items that will be reclassified to profit or loss			
(i) Equity instruments through other comprehensive income		(1.84)	-
(ii) Income tax related to above		0.46	-
Other Comprehensive Income		(1.41)	(0.01)
Total Comprehensive Income		179.16	171.39
Basic and Diluted earnings per share in ₹ (face value of ₹ 2 each) (Refer Note 34)		29.85	28.33
Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

For JMR & Associates LLP
Chartered Accountants
Firm Registration No. 106912W / W100300

CA. Nikesh Jain
Partner
Membership No : 114003

Place: Mumbai
Date : 30 May 2023

For and on behalf of the board of directors of
Panama Petrochem Limited

Amirali E. Rayani
Chairman
DIN:00002616

Pramod Maheshwari
CFO

Place: Mumbai
Date : 30 May 2023

Amin A. Rayani
Managing Director & CEO
DIN:00002652

Gayatri Sharma
Company Secretary & Compliance Officer

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	31 March 2023 ₹ in Crore	31 March 2022 ₹ in Crore
A. Cash Flows from operating activities		
Profit before tax	242.15	227.32
<u>Adjustments for -</u>		
Depreciation on property, plant and equipment and investment property, ROU and intangible assets	6.10	5.44
Finance costs	10.10	4.24
(Profit)/loss on sale of property, plant and equipment (net)	(0.30)	(0.02)
(Gain)/Loss on Lease Modification	0.01	0.03
Unrealized foreign exchange loss/(gain)	(5.68)	3.43
Unrealized foreign exchange loss/(gain) on derivative contract	(0.24)	(1.45)
Interest income	(2.78)	(1.26)
Dividend income	(0.02)	-
Lease rental received	(2.98)	(2.65)
Bad debts, provision for doubtful debts	(0.36)	0.67
	246.00	235.75
Operating profit before working capital changes	246.00	235.75
(Increase)/decrease in trade Receivables	(48.24)	26.63
(Increase)/decrease in inventories	161.77	(178.77)
(Increase)/decrease in loans and advances	0.83	0.44
(Increase)/decrease in other current assets	17.67	(14.27)
Increase/(decrease) in trade Payables	(165.96)	137.68
Increase/(decrease) in other financial liabilities and provisions	(6.57)	3.01
Increase/(decrease) in other liabilities	-	-
Cash generated from operations	205.50	210.47
Income tax paid	(61.30)	(59.37)
Net cash flow from operating activity (A)	144.20	151.10
B. Cash flows from investing activities		
Additions to property, plant and equipment and investment property	(34.35)	(28.96)
Additions to Investment Property	-	(6.36)
Additions to Investment	(1.37)	(4.85)
Additions to Intangible assets	-	(0.01)
Sales of property, plant and equipment	0.34	0.04
Redemption/maturity of bank deposits (having original maturity of more than three months)	(47.45)	(72.95)
Interest received	2.37	0.77
Lease Rental received	2.98	2.65
Dividend received	0.02	-
Net cash flow from/(used in) investing activities (B)	(77.46)	(109.67)



	31 March 2023 ₹ in Crore	31 March 2022 ₹ in Crore
C. Cash flows from financing activities		
Payment of Lease Liabilities	(0.26)	(0.50)
Proceeds/ (Repayment) from/of short-term borrowing (net)	-	(7.79)
Interest paid	(9.91)	(4.47)
Dividend paid	(54.24)	(24.08)
Net cash flow from/(used in) financing activities (C)	(64.41)	(36.84)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2.33	4.58
Effect of exchange differences on cash & cash equivalents held in foreign currency	(0.10)	(0.12)
Cash and cash equivalents at the beginning of the year	45.96	41.50
Cash and cash equivalents at the end of the year	48.19	45.96
Components of Cash and Cash Equivalents		
Cash on hand	0.05	0.02
With banks		
- on current accounts	48.14	45.94
Total Cash and Cash Equivalents (refer note 6.4 and 6.5)	48.19	45.96

* The company can utilize these balances only towards the settlement of the respective unpaid dividend.

Note :

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind As 7 specified under section 133 of the Companies Act, 2013.

Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date attached

For JMR & Associates LLP

Chartered Accountants
Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner
Membership No : 114003

**For and on behalf of the board of directors of
Panama Petrochem Limited**

Amirali E. Rayani

Chairman
DIN:00002616

Amin A. Rayani

Managing Director & CEO
DIN:00002652

Pramod Maheshwari

CFO

Gayatri Sharma

Company Secretary & Compliance Officer

Place: Mumbai

Date : 30 May 2023

Place: Mumbai

Date : 30 May 2023

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023
Equity Share Capital
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

Particulars	As at 31.03.2023	As at 31.03.2022
	₹ in Crore	₹ in Crore
Balance at the beginning of the current reporting period	12.10	12.10
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	12.10	12.10
Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting period	12.10	12.10

Particulars	Reserves and Surplus as at 31.03.2023					
	Investment Allowance Reserve	Securities Premium Account	General reserve	Retained earnings	Other Comprehensive Income*	Total
Balance at the beginning of the current period	-	90.18	11.58	531.97	0.12	633.86
Changes in the accounting policy or prior period errors	-	-	-	-	-	-
Restated Balance at the beginning of the current period	-	90.18	11.58	531.97	0.12	633.86
Total comprehensive income for the current year	-	-	-	180.57	(1.41)	179.16
Dividends	-	-	-	(54.44)	-	(54.44)
Transfer to retained earnings/ General reserve	-	-	-	-	-	-
Balance at the end of the current reporting period	-	90.18	11.58	658.10	(1.29)	758.58

Particulars	Reserves and Surplus as at 31.03.2022					
	Investment Allowance Reserve	Securities Premium Account	General reserve	Retained earnings	Other Comprehensive Income*	Total
Balance at the beginning of the current period	-	90.18	11.58	384.77	0.13	486.67
Changes in the accounting policy or prior period errors	-	-	-	-	-	-
Restated Balance at the beginning of the current period	-	90.18	11.58	384.77	0.13	486.67
Total comprehensive income for the current year	-	-	-	171.40	(0.01)	171.39
Dividends	-	-	-	(24.20)	-	(24.20)
Transfer to retained earnings	-	-	-	-	-	-
Balance at the end of the current reporting period	-	90.18	11.58	531.97	0.12	633.86

*** Details of Other Comprehensive Income**

Particulars	2022-2023			2021-2022		
	Re-measurement of Employees defined benefits	Equity Instruments through Other Comprehensive Income	Total	Re-measurement of Employees defined benefits	Equity Instruments through Other Comprehensive Income	Total
Balance at the beginning of the current period	0.03	0.09	0.12	0.04	0.10	0.14
Other comprehensive Income during the year	(0.03)	(1.38)	(1.41)	(0.01)	(0.01)	(0.02)
Balance at the end of the current reporting period	-	(1.29)	(1.29)	0.03	0.09	0.12

Notes :

- Investment Allowance Reserve : This reserve represents Govt grants received against investments.
- Securities Premium : Premium collected on issue of securities are accumulated as part of securities premium.
- General Reserve : General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as dividend.
- Retained Earning : This represents profits remaining after all appropriations. This is free reserve and can be used for distribution of profits.

As per our report of even date attached
For JMR & Associates LLP

Chartered Accountants
Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner
Membership No : 114003

**For and on behalf of the board of directors of
Panama Petrochem Limited**
Amirali E. Rayani

Chairman
DIN:00002616

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Managing Director & CEO
DIN:00002652

Pramod Maheshwari

CFO

Gayatri Sharma

Company Secretary & Compliance Officer

Place: Mumbai

Date : 30 May 2023

Place: Mumbai

Date : 30 May 2023



STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Notes to financial statements for the year ended 31 March 2023

1. Company Information

Panama Petrochem Limited ("the Company") is a public limited Company domiciled in India. The registered office of the Company is at Plot No. 3303, GIDC Estate, Ankleshwar 393002, Gujarat, India and corporate office at 401, Aza House, Turner Road, Bandra West, Mumbai 400050. The Company was incorporated on 9 March 1982.

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

The equity shares of the Company are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Global Depository Receipts (GDRs) of the Company are listed on the Luxembourg stock exchange.

Authorization of financial statements

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on 30th May 2023.

2. Significant Accounting Policies:

(A) Basis of Preparation of Financial Statements

- (i) Compliance with Ind AS: The standalone financial statements have been prepared to comply, in all material aspects, with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

- (ii) Classification of assets and liabilities : All assets and liabilities have been classified as current or non-current based on the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current on net basis.

- (iii) Historical cost convention : The financial statements have been prepared on going concern basis under the historical cost convention except:

- (a) certain financial instruments (including derivative instruments) and
- (b) defined benefit plans

Which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

- (iv) Functional and presentation currency : The Company's functional and presentation currency is Indian Rupee (₹). All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crore (₹ Crore), except otherwise indicated.

- (v) Fair value measurement : The Company measures certain financial assets and financial liabilities including derivatives and defined benefit plans at fair value.

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability take place either

- (a) in the principal market for the asset or liability or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(B) Property, Plant and Equipment

- (i) Freehold land is carried at historical cost and all other property, plant and equipment are shown at cost (net of adjustable taxes) less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises of its purchase price, non refundable / adjustable purchase taxes and any cost directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management, the initial estimate of any decommissioning obligation, if any and for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost and other operating expenses such as freight, installation charges etc. The projects under construction are carried at costs comprising of costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and attributable borrowing costs.
- (ii) Stores and spares which meet the definition of property, plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- (iii) When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.
- (iv) An Item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset or significant part) is included in the Statement of Profit and Loss when the asset is derecognized.
- (v) In line with the provisions of Schedule II to the Companies Act, 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components of property, plant and equipment has been assessed based on the historical experience and internal technical inputs.

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

- (vi) Depreciation on property, plant and equipment is provided as per straight line method based on useful life prescribed under Schedule II to the Companies Act, 2013. The Company has assessed the estimated useful lives of its property, plant and equipment and has adopted the useful lives and residual value as prescribed in Schedule II.

The property, plant and equipment acquired under finance lease are depreciated over the period of lease. Depreciation on stores and spares specific to an item or property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the stores and spares are depreciated over their estimated useful life based on the technical assessment.

- (vii) The residual values and useful lives of property, plant and equipment are reviewed at each financial year end, and changes, if any, are accounted prospectively.
- (viii) Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. These are stated at cost to date relating to items or project in progress, incurred during construction / preoperative period. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

(C) Investment Property

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purpose). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of Ind AS 16 for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in the Statement of Profit and Loss in the period in which the property is derecognized.

Depreciation on investment property is provided as per straight line method based on estimated useful life which is considered at 60 years based on internal assessment.

(D) Intangible Assets

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

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

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

(E) Borrowing Costs

Borrowing costs are charged to Statement of Profit and Loss except to the extent attributable to acquisition / construction of and asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(F) Impairment of Non-financial Assets

At each balance sheet date, an assessment is made of whether there is any indication of impairment.

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

(G) Non-current Assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

(H) Inventories

Inventories are valued as follows:

Raw materials, Packing Materials and Traded Goods	Lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First In First Out (FIFO) basis. Cost of raw materials comprises of cost of purchase (net of discount) and other cost in bringing the inventory to their present location and condition excluding Input GST credit . Customs duty on stock lying in bonded warehouse is included in cost.
Work-in-progress and Finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a First In First Out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(I) Revenue from contracts with customer:

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

(i) Sale of Goods:

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

(ii) Interest income:

Under Ind AS 109, Interest income is recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at fair value through Profit and loss (FVTPL).

The EIR in case of a financial asset is computed

- a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- b. By considering all the contractual terms of the financial instruments in estimating the cash flows.
- c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts.

Any subsequent changes in the estimation of the future cash flows is recognized in interest income with the corresponding adjustment to the carrying amount of the assets.

(iii) Net Gain on fair value changes :

Any differences between the fair values of financial assets classified as fair value through the profit or loss held by Company on the balance sheet date is recognized as an unrealized gain / loss. In cases there is a net gain in the aggregate, the same is recognized in Net gains on fair value changes" under Other Income" and if there is a net loss the same is disclosed under Expenses" in the statement of Profit and Loss.

Similarly, any realized gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at Fair value through Other Comprehensive Income (FVTOCI") is recognized in net gain / loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortized is presented separately under the respective head in the Statement of Profit and Loss.

(iv) Dividend income:

Dividend income is recognized :

- a. When the right to receive the payment is established.
- b. It is probable that the economic benefits associated with the dividend will flow to the entity and
- c. The amount of the dividend can be measured reliably.

(v) Rental Income:

Revenue is recognized on the basis of income arising from operating lease of investment properties is accounted for on a straight-line basis over the lease unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases and is included in the head other income" in the Statement of Profit and Loss.

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**(vi) Others:**

Revenue is recognized in respect of export incentives, insurance / other claims etc., when it is reasonably certain that the ultimate collection will be made.

(J) Expenditure on Research and Development

Revenue expenditure on Research and Development is charged to Statement of Profit and Loss under the appropriate heads of expenses. Expenditure relating to property, plant and equipment are capitalized under respective heads.

(K) Foreign Currency Transactions**(i) Initial Recognition**

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

(ii) Conversion

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

(iii) Exchange Differences

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

(iv) Forward Contracts

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

(L) Employee Benefits

All employee benefits payable wholly within 12 months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

Post Retirement Benefits

The Company operates the following post-employment schemes:

- (a) defined benefit plan - gratuity
- (b) defined contribution plan - provident fund

Defined benefit plan - Gratuity obligation

Post-employment benefits (benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

The liability or asset recognized in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Defined contribution plan

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

(M) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts. Refer note no 11.1

(a) As Company is the lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset

At the date of commencement of the lease, the Company recognizes a right-of-use asset (ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(b) Company is the lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

(N) Taxation

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year.

- (a) Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.
- (b) Deferred Tax: Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are off set if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(O) Segment Reporting

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

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segments have been identified on the basis of nature of product/services.

The board of directors of the Company has appointed the Managing Director as the chief operating decision maker (CODM) who is assessing the financial performance and position of the Company, and makes strategic decisions.

(P) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, if any, such as bonus issue, bonus elements in a rights issue to existing shareholders, shares split and reverse share split (consolidation of shares).

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

(Q) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

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

Financial Guarantee Contracts

The Company on a case to case basis elects to account for financial guarantee contracts as a financial instrument or as an insurance contract, as specified in Ind AS 109 on Financial Instruments and Ind AS 104 on Insurance Contracts. The Company has regarded all its financial guarantee contracts as insurance contracts. At the end of each reporting period the Company performs a liability adequacy test, (i.e. it assesses the likelihood of a pay-out based on current undiscounted estimates of future cash flows), and any deficiency is recognized in profit or loss.

Contingent liabilities are disclosed in the case of:

- a) a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) a present obligation arising from the past events, when no reliable estimate is possible;
- c) a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****(R) Financial Instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

I. Financial Assets**A. Initial recognition and measurement :**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of the financial asset [other than financial assets at fair value through profit or loss (FVTPL)] are added to the fair value of the financial assets. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Transaction costs of financial assets carried at FVTPL are expensed in the Statement of Profit and Loss.

B. Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in the following categories:

(i) Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

- (ii) Debt instruments included within the Fair Value Through Profit or Loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.
- (iii) Equity instruments: All equity instruments within the scope of Ind-AS 109 are measured at fair value. Equity instruments which are classified as held for trading are measured at FVTPL. For all other equity instruments, the Company decides to measure the same either at Fair Value Through Other Comprehensive Income (FVTOCI) or FVTPL. The Company makes such selection on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments measured at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such instruments.

- iv) Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****C. De-recognition:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e. removed from the Company's balance sheet) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
 - (i) the Company has transferred substantially all the risks and rewards of the asset, or
 - (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

D. Impairment of financial assets:

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on trade receivables and other advances. The Company follows 'simplified approach' for recognition of impairment loss on these financial assets. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.
Allowance for credit losses on receivables and unbilled revenue

The company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates. In calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

II. Financial Liabilities**A. Initial recognition and measurement:**

Financial liabilities are classified at initial recognition as :

- (i) financial liabilities at fair value through profit or loss,
- (ii) loans and borrowings, payables, net of directly attributable transaction costs or
- (iii) derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

B. Subsequent measurement :

The measurement of financial liabilities depends on their classification, as described below:

- (i) **Borrowings:** Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognized in the Statement of Profit and Loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(ii) Trade and other payables: These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(iii) Derivative financial instruments: The Company uses derivative financial instruments, such as foreign exchange forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedge accounting :

The Company designates certain hedging instruments which include derivatives, embedded derivatives and non derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. At the inception of the hedge relationship, the Company documents the relationship between the hedging instruments and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

C. De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another, from the same lender, on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

D. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(S) Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

- (a) Operating lease commitments – Company as lessor;
- (b) Assessment of functional currency;
- (c) Evaluation of recoverability of deferred tax assets

Estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year :

- a) Useful lives of property, plant and equipment, investment property and intangible assets;
- b) Fair value measurements of financial instruments ;
- c) Impairment of non-financial assets;
- d) Taxes;
- e) Defined benefit plans (gratuity benefits);
- f) Provisions;
- g) Valuation of inventories;
- h) Contingencies

(T) Recent accounting pronouncements

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.



STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.



STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

₹ In Crore

03.	Property, plant and equipment										Right-of-use assets		
	Freehold land	Factory Building	Non Factory Building	Plant & Equipment	Office Equipment	Computers	Furniture and fixtures	Vehicles	Total Property, plant and equipment	Leasehold land	Leased properties	Total Right-of-use assets	
Cost or valuation													
At 1 April 2021	0.06	19.33	41.50	44.73	1.49	1.03	5.41	7.58	121.13	28.84	1.35	30.19	
Additions	-	0.23	42.32	1.57	0.47	0.03	0.88	0.18	45.68	-	0.53	0.53	
Other adjustments	-	-	-	-	-	-	-	-	-	-	0.05	0.05	
Deletion	-	-	-	-	-	-	-	(0.43)	(0.43)	-	(0.73)	(0.73)	
At 31 March 2022	0.06	19.56	83.82	46.30	1.96	1.06	6.29	7.33	166.38	28.84	1.20	30.04	
Additions	-	-	17.10	6.90	0.42	0.06	0.28	0.85	25.61	-	0.47	0.47	
Other adjustments	-	-	-	-	-	(0.27)	-	-	(0.27)	-	(0.95)	(0.95)	
Deletion	-	-	(0.05)	-	-	-	-	(0.10)	(0.15)	-	-	-	
At 31 March 2023	0.06	19.56	100.87	53.20	2.38	0.85	6.57	8.08	191.57	28.84	0.72	29.56	
Depreciation													
At 1 April 2021	-	5.54	3.03	12.98	1.25	0.96	3.14	4.01	30.91	5.08	0.92	6.00	
Charge for the year	-	0.60	0.85	1.68	0.09	0.04	0.45	0.68	4.39	0.37	0.46	0.83	
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	
Deletion	-	-	-	-	-	-	-	(0.41)	(0.41)	-	(0.41)	(0.41)	
At 31 March 2022	-	6.14	3.88	14.66	1.34	1.00	3.59	4.28	34.89	5.45	0.97	6.42	
Charge for the year	-	0.61	1.53	1.75	0.16	0.04	0.46	0.63	5.18	0.37	0.29	0.66	
Other adjustments	-	-	-	-	-	(0.27)	-	-	(0.27)	-	-	-	
Deletion	-	-	(0.02)	-	-	-	-	(0.09)	(0.11)	-	(0.95)	(0.95)	
At 31 March 2023	-	6.75	5.39	16.41	1.50	0.77	4.05	4.82	39.69	5.82	0.31	6.13	
Net Block													
At 31 March 2022	0.06	13.42	79.94	31.64	0.62	0.06	2.70	3.05	131.49	23.39	0.23	23.62	
At 31 March 2023	0.06	12.81	95.48	36.79	0.88	0.08	2.52	3.26	151.88	23.02	0.41	23.43	
Capital work-in-progress													
At 31 March 2022	-	-	2.55	2.09	-	-	0.33	-	4.97	-	-	-	
At 31 March 2023	-	-	9.86	0.37	-	-	2.81	-	13.04	-	-	-	

Notes:-

3.1 Capital Work in Progress	2022-2023						2021-2022								
	Amount in CWIP for a period of			Amount in CWIP for a period of			Amount in CWIP for a period of			Amount in CWIP for a period of					
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	10.14	2.90	-	-	13.04	4.86	0.08	-	-	4.97	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
4. Investment Property

	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
I. Gross Carrying Amount		
Balance at the beginning of the year	17.81	11.45
Additions / reclassification	-	6.36
Deletions / reclassification	-	-
Balance at the end of the year	17.81	17.81
II. Accumulated Depreciation and Impairment		
Balance at the beginning of the year	1.77	1.54
Depreciation for the year	0.28	0.23
Accumulated depreciation on Addition/deletions	-	-
Balance at the end of the year	2.05	1.77
III. Net Carrying Amount at end of the year		
	15.76	16.04
IV. Fair value of investment property at the end of the year		
	29.38	29.38

4.1 Information regarding income and expenditure of Investment Property

	2022-2023 ₹ in Crore	2021-2022 ₹ in Crore
Rental income derived from investment properties	2.72	2.29
Less: Direct operating expenses (including repairs and maintenance) generating rental income	0.27	0.23
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	2.45	2.06
Less: Depreciation	0.28	0.23
Profit arising from investment properties before indirect expenses	2.17	1.83

4.2 Fair value of the Company's investment properties

The fair value of the Company's investment properties as at 31 March 2023 was arrived at on the basis of a valuation carried out by independent registered values not related to the Company. The Company has adopted policy of revaluing investment property generally every year. (Level 3)

4.3 a) Details of the Company's Investment properties and information about their Fair value hierarchy

	Fair value measurement	
	31.03.2023 ₹ in Crore	31.03.2022 ₹ in Crore
Valuation at the end of the year	29.38	29.38

b) Reconciliation of fair value

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022-2023 ₹ in Crore	2021-2022 ₹ in Crore
Opening balance	29.38	23.02
Fair value difference	-	-
Reclassification/Additions	-	6.36
Closing balance	29.38	29.38

c) Description of valuation techniques used and key inputs to valuation on investment properties

The investment properties have been valued at Fair Market Value. It is the value of the property at which it can be sold in open market at a particular time free from forced value or sentimental value. Prevailing market value is a result of demand/ supply /merits /demerits of properties and various locational, social, economical, political factors and circumstances. Prevailing market value can be estimated through market survey, through dependable data/ sale instances, local estate developers/ brokers, real estate portal enquiries and verbal enquiries in neighborhood area.

5.1 Leases

The Company has entered into agreements for taking lease certain offices and warehouses on lease and license basis. The lease term is a period ranging from 12 to 45 months. The Company has contracts which have fixed rentals. The Company has also taken leasehold factory lands on one time payment basis. The lease term is a period ranging from 30 years to 99 years.

The following is the summary of practical expedients elected on initial application:

- a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- d) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17

Disclosure as per the requirement of Ind AS 116
Amounts recognized in balance sheet

The balance sheet shows the following amounts relating to leases

Following are the changes in the carrying value of right of use assets :

	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
Balance as at beginning of the year	23.61	24.18
Additions	0.47	0.53
Deletions/Modification	-	(0.27)
Depreciation	(0.66)	(0.83)
Balance as at the end of the year	23.42	23.61

Following are the changes in the carrying value of lease liabilities:

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
Balance as at beginning of the year	0.26	0.48
Additions	0.47	0.53
Finance cost accrued during the period	0.07	0.07
Deletions/Modification	(0.03)	(0.24)
Payment of lease liabilities	(0.33)	(0.58)
Balance at the end	0.44	0.26
Lease liabilities		
Current	0.12	0.23
Non-current	0.32	0.03

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

Particulars	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
Less than one year	0.15	0.25
One to five years	0.36	0.03
More than five years	-	-
Total	0.51	0.28

The cash outflow of lease payments with respect to the above lease recognized in the statement of profit and loss for the financial year 2022-2023 is ₹ 0.33 Crore (Previous Year ₹ 0.58 Crore).

B) Where the Company is lessor

The future minimum lease payments receivable as per the lease agreements on undiscounted basis are as follows:

Particulars	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
Less than one year	2.93	1.56
One to five years	11.71	0.25
More than five years	-	-

The amount of minimum lease income with respect to operating lease recognized in the statement of profit and loss for the year is ₹ 2.72 Crore (previous year ₹ 2.29 Crore).

5.2 Other Intangible Assets

	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
I. Gross Carrying Amount		
Balance at the beginning of the year	0.08	0.07
Additions	-	0.01
Deletions	-	-
Balance at the end of the year	0.08	0.08
II. Accumulated Depreciation and Impairment		



STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
Balance at the beginning of the year	0.07	0.07
Depreciation for the year	-	-
Accumulated depreciation on deletions	-	-
Balance at the end of the year	0.07	0.07
III. Net Carrying Amount at end of the year	0.01	0.01

The Company does not have any intangible assets under development.

6 Financial Assets

6.1 Non-current Investments (fully paid up)

Investments in equity instruments

Unquoted - Others

1,795 (31 March 2022 : 1,795) fully paid equity shares of ₹ 10 each of Bharuch Enviro Infrastructure Limited #

975 (31 March 2022 : 975) Fully paid equity shares of ₹ 100 each of The Marol Co operative Industrial Estate Limited #

In Subsidiary Company

33,018 (31 March 2022 : 33,018) Fully Paid Equity Shares of AED 1,000 each of Panol Industries RMC FZE, UAE #

It is carried at cost.

Aggregate amount of Unquoted Investments - gross

Aggregate amount of impairment in value of investments

Aggregate amount of Unquoted Investments - net

	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
	-	-
	0.01	0.01
	51.86	51.86
	51.87	51.87
	51.87	51.87
	-	-
	51.87	51.87

Disclosure pursuant to Ind AS 27 - "Separate Financial Statements"

Subsidiary Company

	Principal place of business	Effective Proportion of ownership [%]		Effective Proportion of voting power (%)	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022
Panol Industries RMC FZE	UAE	100%	100%	100%	100%

Quoted

Designated at Fair value through Other Comprehensive Income

6,200 (31 March 2022 : 6,200) fully paid equity shares of DCB Bank Limited

35,200 (31 March 2022 : 25,200) Fully paid equity shares of Godrej Properties Limited

31,220 (31 March 2022 : 31,220) Fully paid equity share of Savita Oil Technologies Limited

Aggregate amount of Quoted Investments - gross (at market value)

	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
	0.07	0.04
	3.63	4.21
	0.74	0.66
	4.44	4.91
	4.44	4.91

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Quoted	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
Aggregate amount of impairment in value of investments	-	-
Aggregate amount of Quoted Investments - net	4.44	4.91
Total	56.31	56.78

6.2 Trade Receivables
Current

Unsecured, Considered good	313.16	265.01
Unsecured, Considered doubtful	0.56	0.92
Unsecured, credit impaired	0.14	0.14
	<u>313.86</u>	<u>266.07</u>
Less: Impairment under expected credit loss	0.70	1.06
	313.16	265.01

Note:- Impairment under expected credit loss includes ₹ 0.14 Crore P.Y. (₹ 0.14 Crore) for doubtful debts.

The entity has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follow. The management provided specific provisions for credit impaired parties.

Age of receivables
As at 31.3.2023

	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
	₹ in Crore	%	₹ in Crore	₹ in Crore
0-180 days past due	2.66	5.31%	0.14	2.52
180-365 days past due	-	10.78%	-	-
More than 365 days past due	2.53	16.71%	0.42	2.11
Credit impaired	0.14	100.00%	0.14	-
Total	5.33	13.13%	0.70	4.63

Age of receivables
As at 31.3.2022

	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
	₹ in Crore	%	₹ in Crore	₹ in Crore
0-180 days past due	2.55	7.81%	0.20	2.35
180-365 days past due	0.22	15.84%	0.03	0.19
More than 365 days past due	2.78	24.55%	0.68	2.10
Credit impaired	0.14	100.00%	0.14	-
Total	5.69	18.45%	1.05	4.64

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	Year ended 31.3.2023	Year ended 31.3.2022
	₹ in Crore	₹ in Crore
Movement in the expected credit loss allowance		
Balance at the beginning of the year	1.06	0.38
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(0.36)	0.67
Balance at the end of the year	<u>0.70</u>	<u>1.06</u>

The bifurcation of Trade Receivable are as under:-

Year ended 31.3.2023
₹ in Crore

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) Undisputed trade receivables considered good	307.83	-	-	-	-	307.83
ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	2.66	-	-	2.53	5.19
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	0.14	0.14
iv) Disputed trade receivables considered good	-	-	-	-	-	-
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

The bifurcation of Trade Receivable are as under:-

Year ended 31.3.2022
₹ in Crore

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) Undisputed trade receivables considered good	256.70	0.54	0.19	-	-	257.43
ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	2.55	0.22	2.57	-	5.34
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	0.14	0.14
iv) Disputed trade receivables considered good	-	-	0.36	0.21	1.53	2.10
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
Unbilled Revenue

Particulars	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
Disputed Trade Receivables	-	-
Undisputed Trade Receivables	-	-

6.3 Loans and advances
Current

Other Loans		
Unsecured, considered good	0.92	0.81
	0.92	0.81

6.4 Cash and Cash Equivalents
Balances with banks

On current accounts	48.14	45.94
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Cash Balances

Cash on hand	0.05	0.02
	48.19	45.96

6.5 Other bank balances

Deposit accounts with more than 3 months but less than 12 months maturity	120.46	73.21
Unpaid dividend accounts	0.61	0.41
	121.07	73.62

6.6 Other Financial Assets
Non-current

Bank deposits with more than 12 months maturity	-	-
Security deposits	0.39	0.36
	0.39	0.36

Current

Security deposits	1.32	1.66
Derivative asset	-	0.79
Receivable against expenses incurred on behalf of subsidiary (Refer note 33)	-	-
Other financial assets	0.89	0.49
	2.21	2.94
	2.60	3.30

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Disclosure pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Loans and advances to subsidiary companies

Maximum amount due at any time during the year

	As at 31.03.2023	As at 31.03.2022
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Panol Industries RMC FZE

0.12

0.52

7 Inventories**(Valued at lower of cost and net realizable value)**

Raw material	255.82	416.40
Finished goods	9.59	7.02
Traded goods	10.38	14.00
Packing material	1.00	1.14
(Includes goods in transit ₹ 0.35 Crore previous year ₹ 2.35 Crore)	276.79	438.56

8 Other Assets**Non-current**

Capital advances	1.74	1.22
	1.74	1.22

Current

Cenvat/GST balances	6.17	9.85
Advances to vendors	3.73	17.25
Others including duties and taxes receivable (other than Cenvat/GST balances)	1.98	2.24
	11.88	29.34

9 Equity Share Capital**Authorized shares**

12,77,50,000 (31 March 2022 : 12,77,50,000, equity shares of ₹ 2 each)	25.55	25.55
------------------------------------------------------------------------	-------	-------

Issued shares

6,04,93,598 (31 March 2022 : 6,04,93,598 equity shares of ₹ 2 each)	12.10	12.10
---------------------------------------------------------------------	-------	-------

Subscribed and fully paid-up shares

6,04,93,598 (31 March 2022 : 6,04,93,598 equity shares of ₹ 2 each)	12.10	12.10
---------------------------------------------------------------------	-------	-------

a) Reconciliation of shares

	As at 31.03.2023		As at 31.03.2022	
	Nos.	₹ in Crore	Nos.	₹ in Crore
At the beginning of the year	60,493,598	12.10	60,493,598	12.10
Issued/Buyback during the year	-	-	-	-
At the end of the year	60,493,598	12.10	60,493,598	12.10

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****b) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share, however the holders of global depository receipts (GDR's) do not have any voting rights in respect of shares represented by the GDR's till the shares are held by the custodian bank.

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

c) Shares held by promoters as at 31 March 2023

Promoter name	No. of Shares	%of total shares	% Change during the year
Amirali Essabhai Rayani	1,536,000	2.54%	0.00%
Akbarali Essabhai Rayani	1,595,346	2.64%	0.00%
Salimali Essabhai Rayani	1,521,587	2.52%	0.00%
Vazirali Essabhai Rayani	1,246,965	2.06%	0.00%

There are no change in promoter holding during the year

Promoter Group

Ittefaq Ice And Cold Storage Pvt Ltd	3,936,474	6.51%	0.00%
Panama Builders Developers Pvt Ltd	1,042,591	1.72%	0.54%
Arif Amirali Rayani	3,670,567	6.07%	0.00%
Sapna Samir Rayani	1,522,207	2.52%	0.00%
Serena Iqbal Rayani	720,000	1.19%	0.00%
Nilima Shahnawaz Kheraj	3,000	0.00%	0.00%
Gulshan Salimali Rayani	144,355	0.24%	0.00%
Malika Vazirali Rayani	1,011,342	1.67%	0.00%
Shelina Arifali Rayani	3,190,462	5.27%	0.00%
Samir Akbarali Rayani	2,008,703	3.32%	0.27%
Hussein Vazirali Rayani	1,041,386	1.72%	0.00%
Chemine Amin Rayani	1,859,449	3.07%	0.00%
Iqbal Vazirali Rayani	1,832,977	3.03%	0.00%
Amin Amirali Rayani	3,123,056	5.16%	0.33%
Begumbanu Akberali Rayani	2,504,160	4.14%	0.00%
Munira Hussein Rayani	888,750	1.47%	0.00%
Ahyman Arif Rayani	1,012,508	1.67%	0.02%

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
d) Details of shareholders holding more than 5% of equity shares

	As at 31.03.2023		As at 31.03.2022	
	No of	% holding	No of	% holding
	Shares	in the class	Shares	in the class
Equity Shares of ₹ 2 each fully paid up				
Ms. Shelina Arif Rayani	3,190,462	5.27%	3,190,462	5.27%
Arif Amirali Rayani	3,670,567	6.07%	3,670,567	6.07%
Ittefaq Ice and Cold Storage Private Limited	3,936,474	6.51%	3,936,474	6.51%
Shares held by Custodian as against which global depository receipts have been issued (Citi Bank N.A.)	9,810,937	16.22%	11,685,937	19.32%

e) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

Particulars	Year ended 31 March				
	2023	2022	2021	2020	2019
Equity shares of ₹ 2 each	-	-	-	-	-

The shareholders in the 35th Annual General Meeting held on 18 Sept 2017 approved the issue of bonus shares in the ratio of one equity share of ₹ 2/- each for two existing share of ₹ 2/- each held and accordingly, the Company has allotted 2,01,64,533 number of equity shares on 5th October 2017.

f) Dividend

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

The Company declares and pays dividends in Indian rupees. Companies are required to pay/distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognized as distribution to equity shareholders in accordance with Companies Act 2013 is as follows:-

Particulars	Year ended 31 March	
	2023	2022
Interim Dividend for fiscal 2023	3.00	-
Final Dividend for fiscal 2022	6.00	-
Interim Dividend for fiscal 2022	-	2.00
Final Dividend for fiscal 2021	-	2.00

During the year ended 31 March 2023, on account of the final dividend for fiscal 2022 and interim dividend for fiscal 2023 the Company has incurred a net cash outflow of ₹ 54.44 Crore

The Board of Directors in their meeting on 30 May 2023 recommended a final dividend of ₹ 5/- (P.Y. ₹ 6/-) per equity share for the financial year ended 31 March 2023.

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

This payment is subject to the approval of shareholders in the Annual General Meeting (AGM) of the Company, and if approved would result in a net cash outflow of approximately ₹ 30.25 Crore.

	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
10. Other Equity		
Investment Allowance Reserve		
Balance at the beginning & at the end of the year	-	-
Less:- Transfer to General reserve	-	-
	<u>-</u>	<u>-</u>
Securities Premium Account		
Balance at the beginning of the year	90.18	90.18
Less:- Utilized for during the year	-	-
Balance at the end of the year	<u>90.18</u>	<u>90.18</u>
General reserve		
Balance at the beginning of the year	11.58	11.58
Add: Transfer from Investment Allowance Reserve	-	-
Balance at the end of the year	<u>11.58</u>	<u>11.58</u>
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	531.97	384.77
Add: Profit / (loss) for the year	180.57	171.40
Less: Appropriations (Dividend Paid)	54.44	24.20
Net Retained earning	<u>658.10</u>	<u>531.97</u>
Other Comprehensive Income		
Balance at the beginning of the year	0.12	0.13
Other comprehensive Income during the year	(1.41)	(0.01)
Balance at the end of the year	<u>(1.29)</u>	<u>0.12</u>
Total other equity	<u>758.58</u>	<u>633.86</u>

Notes:

Investment Allowance Reserve	:	Investment Allowance Reserve is a statutory reserve and can be utilized for further issue of capital.
Securities Premium	:	Premium collected on issue of securities are accumulated as part of securities premium. Utilization of such reserve is restricted by The Companies Act, 2013.
General Reserve	:	General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as dividend.
Retained Earning	:	This represents profits remaining after all appropriations. This is free reserve and can be used for distribution of profits.

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
11 Financial Liabilities
11.1 Lease Liability

Particulars	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
Non Current		
Non Current lease liability	0.32	0.03
	0.32	0.03
Current		
Current lease liability	0.12	0.23
	0.12	0.23

The following is the movement in lease liabilities during the year ended

	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
Balance at the beginning	0.26	0.48
Additions	0.47	0.53
Finance cost accrued during the period	0.07	0.07
Deletions	(0.03)	(0.24)
Payment of lease liabilities	(0.33)	(0.58)
Balance at the end	0.44	0.26

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

11.2 Short-term Borrowings (Secured)
Current

Cash Credits from banks	-	-
Secured by ;		
hypothecation of inventories, receivables and other current assets and The cash credit is repayable on demand and carried an interest rate of Current Year 7.60% to 10.80% p.a. (Previous Year 7.75% to 12.25% p.a.)	-	-

- i. The Company has used the borrowings from banks for the specific purpose for which it was taken at the balance sheet date.
- ii. The quarterly results or statements of current assets filed by the Company with banks are in agreement with books of accounts and there is no discrepancies in the same.
- iii. The Company is not declared a willful defaulter by any bank or financial institution or other lender.
- iv. The Company has registered all the charges towards secured borrowings outstanding as on 31 March 2023 and 31 March 2022. There is no satisfaction of charge pending on secured borrowings which are repaid during the financial year ended 31 March 2023 and 31 March 2022.
- v. Refer note no 44

11.3 Trade payables
Current

Trade payables:		
Micro and small Enterprises	-	-
Other than micro and small enterprises	248.03	419.78
(Refer Note 29 for details of dues to micro and small enterprises)	248.03	419.78

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
As at 31.03.2023

Bifurcation of Trade payables:-	Outstanding for following periods from due date of payment					₹ in Crore
	Not Billed	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	0.79	247.22	0.02	-	-	248.03
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

As at 31.03.2022

Bifurcation of Trade payables:-	Outstanding for following periods from due date of payment					₹ in Crore
	Not Billed	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	1.27	418.38	0.12	0.01	-	419.78
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

	As at 31.03.2023	As at 31.03.2022
	₹ in Crore	₹ in Crore

11.4 Other Financial Liabilities
Current
Financial liabilities at fair value through profit or loss (FVTPL)

Derivatives liabilities carried at fair value

0.03	-
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Other Financial liabilities at amortized cost

Unpaid dividends

0.61	0.41
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Security deposit

0.83	1.68
------	------

Creditors for capital goods

0.39	0.53
------	------

1.86	2.62
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12. Provisions
Non Current

Provision for gratuity (Refer Note 31)

1.06	0.88
------	------

1.06	0.88
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Current

Provision for gratuity (Refer Note 31)

0.22	0.22
------	------

0.22	0.22
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1.28	1.10
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13. Deferred Tax Liability (Net)

Deferred Tax Liability

10.35	8.68
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Deferred Tax Assets

1.09	0.65
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Net Deferred Tax Liability

9.26	8.03
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STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	As at 31.03.2023 ₹ in Crore	As at 31.03.2022 ₹ in Crore
Deferred Tax Assets		
Deductible temporary differences:-		
Provision for doubtful debts and advances	0.05	0.05
Provision for ECL	0.14	0.23
Finance Lease	0.11	0.07
Defined benefit obligation	0.32	0.28
Others	0.47	0.02
	1.09	0.65
Deferred Tax Liability		
Taxable temporary differences:-		
Property, plant and equipment and investment property	10.25	8.62
Right of Use	0.10	0.06
	10.35	8.68
14. Other Liabilities		
Current		
Advances from customers	3.79	4.98
Income tax deducted at source	0.36	0.56
Duties and taxes	4.59	9.43
Other liabilities	0.01	0.11
	8.75	15.08
	2022-2023 ₹ in Crore	2021-2022 ₹ in Crore
15. Current tax assets and liabilities		
Current tax assets		
Advance Tax (Gross)	191.04	134.52
	191.04	134.52
Current tax liabilities		
Income tax payable (Gross)	187.52	132.42
Current tax assets/(liabilities)	3.52	2.10
16 Revenue from Operations		
Sale of products		
Finished products	1,675.95	1,509.26
Traded products	32.29	30.30
	1,708.24	1,539.56
17 Other Income		
Interest income	2.77	1.25
Interest income on lease	0.01	0.01
Dividend income from Long-term investments	0.02	-
Profit on sale of property, plant and equipment's (net)	0.30	0.02
Rent received	2.98	2.65
Miscellaneous income	0.14	1.62
	6.22	5.55

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022-2023	2021-2022
	₹ in Crore	₹ in Crore
18 Cost of Materials Consumed		
Raw material consumed		
Inventory at the beginning of the year	416.40	220.50
Add : Purchases	1,117.78	1,305.13
	<u>1,534.18</u>	<u>1,525.63</u>
Less : Inventory at the end of the year	255.82	416.40
Cost of raw material consumed	<u>1,278.36</u>	<u>1,109.23</u>
Packing material consumed		
Inventory at the beginning of the year	1.14	0.88
Add : Purchases	25.61	27.56
	<u>26.75</u>	<u>28.44</u>
Less : Inventory at the end of the year	1.00	1.14
Cost of packing material consumed	<u>25.75</u>	<u>27.30</u>
Total material consumed	<u>1,304.11</u>	<u>1,136.53</u>
19 Purchase of Traded Goods		
Traded goods	24.39	22.25
	<u>24.39</u>	<u>22.25</u>
20 (Increase) / Decrease in Inventories		
Inventories at the end of the year		
Finished Goods	9.59	7.02
Traded Goods	10.38	14.00
	<u>19.97</u>	<u>21.02</u>
Inventories at the beginning of the year		
Finished Goods	7.02	24.83
Traded Goods	14.00	13.58
	<u>21.02</u>	<u>38.41</u>
	<u>1.05</u>	<u>17.39</u>
21 Employee Benefits Expense		
Salaries, wages and bonus	20.24	19.48
Contribution to employees' provident and other funds	0.37	0.37
Gratuity expense	0.29	0.28
Staff welfare expenses	0.13	0.06
	<u>21.03</u>	<u>20.19</u>

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022-2023	2021-2022
	₹ in Crore	₹ in Crore
22 Finance costs		
Interest on borrowings	7.31	1.31
Interest expense on lease liabilities	0.17	0.21
Bank charges	2.62	2.72
	10.10	4.24
23 Depreciation / Amortization (Refer Note 3, 4 and 5.2)		
Depreciation on property, plant and equipment	5.16	4.38
Depreciation on investment property	0.28	0.23
Depreciation on intangible assets	-	-
Depreciation of right-of-use assets	0.66	0.83
	6.10	5.44
	2022-2023	2021-2022
	₹ in Crore	₹ in Crore
24 Other Expenses		
Power and fuel	1.17	0.75
Water charges	0.08	0.06
Repairs and maintenance :		
Buildings	0.48	0.83
Machinery	1.34	1.89
Others	0.75	1.11
Insurance	2.24	2.14
Rent	0.63	0.67
Rates and taxes	0.66	0.38
Communication costs	0.27	0.33
Legal and professional fees	0.87	0.86
Payment to auditor (Refer details below)	0.24	0.22
Director sitting fees	0.09	0.07
Clearing and forwarding expenses	43.66	67.08
Freight outwards	21.82	20.24
Travelling and conveyance	4.87	2.32
Advertising and sales promotion	0.37	1.35
Brokerage and commission	4.97	4.16
Security charges	0.75	0.64
Bad debts and sundry balances written off	0.06	1.41
CSR expense and donation (Refer note 25)	2.81	1.65
Premium on forward exchange contract amortized	0.28	0.77
Exchange loss (net)	12.03	0.07
Miscellaneous expenses	5.09	2.75
	105.53	111.75

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022-2023	2021-2022
	₹ in Crore	₹ in Crore
Payment to auditor (excluding GST)		
As auditor:		
Statutory audit and limited review fees	0.18	0.18
Tax audit fees	0.03	0.02
Certification charges	0.03	0.02
Taxation matters	-	-
	0.24	0.22

- 25.** The Company has spent ₹ 2.70 Crore (Previous year ₹ 1.67 Crore) towards Corporate Social Responsibility expenditure (including capital expenditure ₹ Nil, Previous year ₹ Nil) and debited the same to the Statement of Profit and Loss as against ₹ 2.78 Crore (Previous year ₹ 1.59 Crore) computed as per the provisions of section 135(5) of the Companies Act, 2013 and excess ₹ Nil (Previous year ₹ 0.08 Crore) carry forward to the next year. The details are as under:-

	2022-2023	2021-2022
	₹ in Crore	₹ in Crore
(i) Amount required to be spent by the company during the year,	2.78	1.59
(ii) Amount of expenditure incurred,	2.70	1.62
(iii) Shortfall/(excess) at the end of the year,	Nil	(0.08)
(iv) Excess amount carry forward from previous year	0.08	0.05
(iv) Total of previous years shortfall,	Nil	Nil
(v) Reason for shortfall,	NA	NA
(vi) Nature of CSR activities,	Promoting Education and Healthcare, Disaster Relief and PM Care fund	
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	NA	NA
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	NA	NA

26. Ratio Analysis

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Refer Note
Current Ratio	Current Assets	Current Liabilities	3.00	1.96	53.22%	(i)
Debt-Equity Ratio	Total Debt	Total Equity	-	-	0.00%	
Debt Service Coverage Ratio*	Earnings available for debt service	Debt Service	25.58	55.93	-54.26%	(ii)
Return on Equity Ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	25.49%	29.95%	-14.87%	
Inventory turnover ratio	Cost of goods sold OR sales	Average Inventory	4.78	4.41	8.32%	
Trade Receivables turnover ratio,	Net Credit Sales	Avg. Accounts Receivable	5.91	5.52	7.05%	

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Refer Note
Trade payables turnover ratio,	Net Credit Purchases	Average Trade Payables	3.50	3.88	-9.77%	
Net capital turnover ratio,	Net Sales	Working Capital	3.29	3.66	-10.08%	
Net Profit Ratio	Net Profit	Net Sales	10.57%	11.13%	-5.05%	
Return on Capital employed	Earning before interest and taxes	Capital Employed	32.73%	35.85%	-8.69%	
Return on Investment						
Quoted	Income generated from investments	Time weighted average investments	0.00	-	0.00%	
Unquoted	Income generated from investments	Time weighted average investments	-	-	0.00%	

- (i) During the year the Company managed better working capital, due to which improvement in ratio.
- (ii) During the year the banker has increased the rate of interest on non fund based limits and accordingly finance cost increased.

27. Disaggregated Revenue Information

The table below represents disaggregation of Company's revenue from contracts with the customers. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Particulars	2022-2023 ₹ in Crore	2021-2022 ₹ in Crore
Type of goods		
Finished products	1,675.95	1,509.26
Traded products	32.29	30.30
Total revenue from contracts with the customers	1,708.24	1,539.56
Geographical markets		
-India	1,100.00	924.71
-Outside India	608.24	614.85
Total revenue from contracts with the customers	1,708.24	1,539.56
Relation with customer		
-Non related party	1,708.24	1,539.56
-Related Party	-	-
Total revenue from contracts with the customers	1,708.24	1,539.56
Timing of revenue recognition		
-Goods transferred over a period of time	-	-
-Goods transferred over a point of time	1,708.24	1,539.56
Total revenue from contracts with the customers	1,708.24	1,539.56

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Particulars	2022-2023 ₹ in Crore	2021-2022 ₹ in Crore
28. Commitments and Contingencies		
Contingent Liabilities		
Claims against the Company not acknowledged as debts #:		
i. Demand/ Show cause-cum-demand notices received and contested by the Company with the relevant appellate authorities		
a) Income tax disputed Commissioner of Income tax (Appeals-faceless)	13.33	13.33
b) Excise Matter disputed Central Excise, Customs and Sales Tax and Commissioner (Appeals) Daman & Surat.	0.40	0.40
c) Excise Matter disputed Central Excise, Customs and Sales Tax and Hon'ble CESTAT, Ahmedabad.	0.28	0.28
ii. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
iii. Others		
a) Bank Guarantees	20.14	58.88
b) Corporate Guarantees	41.11	37.90
# The management does not expect these claims to succeed. Accordingly no provision for contingent liability has been recognized in the financial statements.		
29. Details of dues to micro and small enterprises as defined under the MSMED Act 2006 *		
	31 March 2023 ₹ in Crore	31 March 2022 ₹ in Crore
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro and Small Enterprises Development Act, 2006.	-	-

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

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

Name of the company	Balance as at	
	31-Mar-23 ₹ in Crore	31-Mar-22 ₹ in Crore
Receivable from subsidiary against reimbursement of expenses		
Panol Industries RMC FZE, UAE	-	-
Guarantees given:		
Panol Industries RMC FZE, UAE (Bank Guarantee US \$ 20 lakhs PY US \$ 75 lakhs) *	16.44	56.86
Panol Industries RMC FZE, UAE (Corporate Guarantee US \$ 50 lakhs PY US \$ 50 lakhs) *	41.11	37.90

* guarantee given against working capital loan received from banks

31. Employee Benefits:
i) Defined Contribution Plan:

Company's contribution to Provident Fund ₹ 0.34 Crore (Previous year ₹ 0.34 Crore).
The company also contributes to the following:

- Employee State Insurance Contribution Fund : ₹ 0.03 Crore (Previous year ₹ 0.03 Crore)

ii) Defined Benefit Plan:

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Company's financial statements:

	₹ in Crore	
	As at 31 March 2023	As at 31 March 2022
(a) Change in the obligation benefits:		
Projected benefit obligation at the beginning of the year	2.35	2.12
Service Cost	0.22	0.23
Interest cost	0.14	0.12
Actuarial (Gains) / Losses on Obligations - Due to Change in Financial Assumptions	(0.09)	(0.06)
Actuarial (Gains) / Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains) / Losses on Obligations - Due to Experience	0.09	0.08
Past Service Cost	-	-
Benefits paid	(0.14)	(0.14)
Projected benefit obligation at the end of the year	2.57	2.35

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	₹ in Crore	
	As at 31 March 2023	As at 31 March 2022
(b) Change in the plan assets:		
Fair value of the plan assets at the beginning of the year	1.25	1.18
Expected return on plan assets	0.03	0.07
Employer's contribution	-	-
Benefits paid	-	-
Return on plan assets, excluding interest income	-	-
Fair value of the plan assets at the end of the year	1.28	1.25
Funded status [Surplus / (Deficit)]	(1.29)	(1.10)
(c) Net Gratuity and other cost:		
Service cost	0.22	0.23
Past service cost and loss/(gain) on curtailments	-	-
Interest on defined benefit obligation	0.07	0.05
Interest income	-	-
Net gratuity cost	0.29	0.28
(d) Amounts recognized in the statement of other comprehensive income:		
Actuarial gain/(loss)	-	0.03
Return on plan assets, excluding interest income	0.03	(0.01)
Net income / (expense) for the period recognized in other comprehensive income	-	-
	0.03	0.02
(e) Category of Assets:		
Policy of Insurance	100%	100%
	100%	100%
(f) Assumptions used in accounting for the Gratuity Plan:	%	%
Discount rate	7.40%	6.85%
Expected rate of return on plan assets	7.40%	6.85%
Age of Retirement	60	60
Annual increase in salary cost	6.00%	6.00%
(g) Sensitivity Analysis :		
<u>Discount rate Sensitivity</u>		
Increase by 0.5%	2.49	2.28
% Change	-2.97%	-3.13%
Decrease by 0.5%	2.65	2.43
% Change	3.18%	3.36%

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	As at 31 March 2023	As at 31 March 2022
<u>Salary growth rate Sensitivity</u>		
Increase by 0.5%	2.63	2.40
% Change	2.14%	2.25%
Decrease by 0.5%	2.52	2.30
% Change	-2.09%	-2.12%
<u>Withdrawal rate Sensitivity</u>		
Withdrawal rate X 110%	2.58	2.36
% Change	0.39%	0.30%
Withdrawal rate X 90%	2.56	2.34
% Change	-0.41%	-0.31%

(h) Projected plan cash flow :

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date

	As at 31 March 2023	As at 31 March 2022
Maturity Profile		
Expected benefits for year 1 to 3	1.19	1.11
Expected benefits for year 4 to 5	0.24	0.18
Expected benefits for year 6 and above	1.15	0.69

32. Segment Information
A. Factors used to identify the entity's reportable segments, including the basis of organization

For management purposes, as the Company is in the business of manufacturing and trading of specialty petroleum products, the Company has considered petroleum products as the only business segment for disclosure in this context of Indian Accounting Standard 108.

The Managing Director (MD) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segment. The MD reviews revenue and gross profit as the performance indicator for the operating segment. However, the Company's finance (including finance cost and finance income) and income taxes are managed on a company as a whole basis and are not allocated to any segment.

Geographical segment of the organization

For the purpose of geographical segment the sales are divided into two segments - Domestic and Overseas. The accounting policies of the segments are the same as those described in Note 2 (O)

B. Information about reportable segment

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

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

₹ in Crore

Particulars	2022-2023			2021-2022		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenue						
Sales to external customers	1,100.00	608.24	1,708.24	924.71	614.85	1,539.56
Other segment information						
Non-current Assets *	205.86	-	205.86	177.34	-	177.34

* Non-current assets excludes investment in subsidiaries, Other investments, Other financials assets, Income tax assets (Net) and Deferred tax assets (Net).

Significant Customer

No Customer individually accounted for more than 10% of the revenue in the year ended 31 March 2023 and 31 March 2022.

33. Details of related party transactions in accordance with Ind AS 24 'Related Party Disclosures'
(a) Names of related parties with whom transactions have taken place during the year
Key Management Personnel

Amirali E Rayani
Amin A Rayani
Samir Rayani
Hussein Rayani
Prمود Maheshwari (Chief Financial Officer)
Gayatri Sharma

Designation

Executive Chairman
Managing Director & CEO
Executive Whole-Time Director
Joint Managing Director
Chief Financial Officer
Company Secretary & Compliance Officer

Independent Director

Madan Mohan Jain
Mukesh Mehta
Nargis Mirza Kabani
Kumar Raju Nandimandam

Independent Director
Independent Director
Independent Director
Independent Director

Relatives of key management personnel

Akbarali Rayani
Vazirali Rayani
Salimali Rayani
Arif Rayani
Nilima Kheraj
Munira Rayani

Relation

Brother of Mr. Amirali E Rayani
Brother of Mr. Amirali E Rayani
Brother of Mr. Amirali E Rayani
Brother of Mr. Amin Rayani
Sister of Mr. Samir Rayani
Wife of Mr. Hussein Rayani

Subsidiary

Panol Industries RMC FZE, UAE

Type

Wholly owned

(b) Transactions with Related Parties
Transaction with Key Managerial Personnel and relatives of Key Managerial Personnel

	2022-2023 ₹ in Crore	2021-2022 ₹ in Crore
Key Managerial remuneration *		
Short term benefits	12.26	12.18
Director sitting fees	0.09	0.07

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022-2023 ₹ in Crore	2021-2022 ₹ in Crore
Payment of Rent		
Amin A Rayani	-	0.06
Samir Rayani	-	0.07
Purchase of Property		
Amin A Rayani	7.08	-
Samir Rayani	8.65	-
Remuneration paid to Relative of Key Managerial Personnel		
Short term benefits		
Akbarali Rayani	0.05	0.05
Vazirali Rayani	0.05	0.05
Salimali Rayani	0.05	0.05
Arif Rayani	0.12	0.12
Nilima Kheraj	0.05	0.05
Munira Rayani	0.05	0.05
Payment of Rent		
Arif Rayani	-	0.04
Purchase of Property		
Arif Rayani	-	3.99
Transaction with Subsidiary		
Bank Guarantee Given (US \$ 20 Lakhs PY US \$ 75 Lakhs)	16.44	56.86
Corporate Guarantee Given (US \$ 50 Lakhs PY US \$ 50 Lakhs)	41.11	37.90
Reimbursement of expenses incurred on behalf of subsidiary	0.12	0.43

Balances at the end of the year with wholly owned subsidiary

Receivable against expenses incurred on behalf

* Key managerial remuneration related to retirement benefits (i.e. Gratuity) are recognized under Employee benefit expenses in Statement of Profit and Loss along with other employees gratuity costs of the Company based on the actuarial valuation carried out by the Independent Actuary.

34. Earnings per share (EPS)

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

	2022-2023 ₹ in Crore	2021-2022 ₹ in Crore
Profit after tax attributable to equity shareholders	180.57	171.40
Net profit for calculation of basic and diluted EPS	180.57	171.40
	No. of shares	No. of shares
Weighted average number of equity shares in calculating basic EPS	60,493,598	60,493,598
Basic Earnings per share	29.85	28.33
Diluted Earnings per share	29.85	28.33

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
35. Tax expense

	2022-2023 ₹ in Crore	2021-2022 ₹ in Crore
(a) Amounts recognized in the statement of profit and loss		
Current tax expense		
Current year	60.00	57.20
Changes in estimates relating to prior years	(0.12)	0.20
	59.88	57.40
Deferred tax expense		
Origination and reversal of temporary differences	1.70	(1.48)
Change in tax rate	-	-
	1.70	(1.48)
Tax expense recognized in the statement of profit and loss	61.58	55.92

	2022-2023			2021-2022		
	Before Tax	Tax (expense)/benefit	Net of Tax	Before Tax	Tax (expense)/benefit	Net of Tax
(b) Amounts recognized in other comprehensive income						
Items that will not be reclassified to profit or loss:						
a) Re-measurements of the defined benefit plans	(0.04)	0.01	(0.03)	(0.01)	-	(0.01)
b) Equity instruments through Other Comprehensive Income	(1.84)	0.46	(1.38)	(0.01)	0.01	-
Total	(1.88)	0.47	(1.41)	(0.02)	0.01	(0.01)

	Year ended 31.3.2023 ₹ in Crore	Year ended 31.3.2022 ₹ in Crore
(c) Reconciliation of effective tax rate		
Profit before tax	242.15	227.32
Statutory income tax rate	25.168	25.168
Tax using the Company's domestic tax rate	60.94	57.21
Increase due to change in tax rate	-	-
Tax effect of:		
Non-deductible tax expenses / disallowances under Income Tax Act	0.71	0.42
Tax-exempt income and deductions under Chapter VI A of Income Tax Act	-	-
Temporary difference recognized in deferred taxes	(1.46)	(0.73)
Tax payable at special rates		
Others	(0.21)	0.27
Amounts recognized in other comprehensive income	0.02	0.03
	60.00	57.20

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(d) Movement in deferred tax balances

Particulars	₹ in Crore					
	Net balance 1.4.2022	Recognized in profit or loss	Recognized in OCI	Net balance 31.3.2023	Deferred tax asset	Deferred tax liability
Movement in Liability						
Property, plant and equipment and intangible assets	8.62	1.63	-	10.25	-	10.25
Defer tax on ROU	0.06	0.04	-	0.10	-	0.10
Total (A)	8.68	1.67	-	10.35	-	10.35
Movement in Asset						
Employee Retirement Benefits	0.28	0.03	0.01	0.32	0.32	-
Investment	0.01	-	0.46	0.47	0.47	-
Provision for doubtful debts and advances	0.05	-	-	0.05	0.05	-
Provision for ECL	0.23	(0.09)	-	0.14	0.14	-
Prepaid expenses	0.01	(0.01)	-	-	-	-
Defer tax on lease	0.07	0.04	-	0.11	0.11	-
Total (B)	0.65	(0.03)	0.47	1.09	1.09	-
Tax assets / (liabilities) (A-B)	8.03	1.70	(0.47)	9.26	1.09	10.35

Particulars	₹ in Crore					
	Net balance 1.4.2021	Recognized in profit or loss	Recognized in OCI	Net balance 31.3.2022	Deferred tax asset	Deferred tax liability
Movement in Liability						
Property, plant and equipment and intangible assets	9.91	(1.29)	-	8.62	-	8.62
Deferred tax on ROU	0.11	(0.05)	-	0.06	-	0.06
Total (A)	10.02	(1.34)	-	8.68	-	8.68
Movement in Asset						
Employee Retirement Benefits	0.25	0.02	0.01	0.28	0.28	0
Investment	0.01	-	-	0.01	0.01	0
Provision for doubtful debts and advances	0.05	-	-	0.05	0.05	0
Provision for ECL	0.06	0.17	-	0.23	0.23	0
Prepaid expenses	0.01	-	-	0.01	0.01	0
Deferred tax on lease	0.12	(0.05)	-	0.07	0.07	0
Total (B)	0.50	0.14	0.01	0.65	0.65	-
Tax assets / (liabilities) (A-B)	9.52	(1.48)	0.01	8.03	0.65	8.68

36. Financial Instruments : Accounting classifications and fair value measurements
(i) Accounting classifications

The fair values of the financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The carrying amounts of trade receivables, cash and cash equivalents, bank balances, short term deposits, trade payables, payables for acquisition of property, plant and equipment, short term loans from banks, financial institutions and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(ii) Fair value measurements

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents carrying value and fair value of financial instruments by categories and also fair value hierarchy of assets and liabilities measured at fair value :

As at 31st March, 2023

	Classification			₹ in Crore	
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	Fair Value
Financial assets					
Investments					
Investment in equity shares (unquoted)	0.01	0.01	-	-	0.01
Investment in equity shares (quoted)	4.44	-	4.44	-	4.44
Others non current financial assets	0.39	-	-	0.39	0.39
Trade receivables	313.16	-	-	313.16	313.16
<u>Loans and advances</u>					
Loans to employees	0.92	-	-	0.92	0.92
Others	-	-	-	-	-
<u>Other financial assets</u>					
Derivative instruments	-	-	-	-	-
Others	2.21	-	-	2.21	2.21
Cash and cash equivalents	48.19	-	-	48.19	48.19
Bank balances	121.07	-	-	121.07	121.07
	490.39	0.01	4.44	485.94	490.39

	Classification			₹ in Crore	
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	Fair Value
Financial liabilities					
Lease liabilities	0.44	-	-	0.44	0.44
Borrowings					
Short term loans from banks	-	-	-	-	-
Trade payables and acceptances	248.03	-	-	248.03	248.03
Other financial liabilities	1.86	-	-	1.86	1.86
	250.33	-	-	250.33	250.33

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
As at 31st March, 2022

	Classification				₹ in Crore
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	Fair Value
Financial assets					
Investments					
Investment in equity shares (unquoted)	0.01	0.01	-	-	0.01
Investment in equity shares (quoted)	4.91	-	4.91	-	4.91
Others non current financial assets	0.37	-	-	0.37	0.37
Trade receivables	265.01	-	-	265.01	265.01
Loans and advances					
Loans to employees	0.81	-	-	0.81	0.81
Others	-	-	-	-	-
Other financial assets					
Derivative instruments	0.79	0.79	-	-	0.79
Others	2.15	-	-	2.15	2.15
Cash and cash equivalents	45.96	-	-	45.96	45.96
Bank balances	73.62	-	-	73.62	73.62
	393.63	0.80	4.91	387.92	393.63
Financial liabilities					
Lease liabilities	0.26	-	-	0.26	0.26
Borrowings					
Short term loans from banks	-	-	-	-	-
Trade payables and acceptances	419.78	-	-	419.78	419.78
Other financial liabilities	2.62	-	-	2.62	2.62
	422.66	-	-	422.66	422.66

	As at 31 st March, 2023			As at 31 st March, 2022		
	Fair Value			Fair Value		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Investments						
Investment in equity shares (unquoted)	-	-	0.01	-	-	0.01
Investment in equity shares (quoted)	4.44	-	-	4.91	-	-
Others non current financial assets	-	-	-	-	-	-
Loans and advances						
Loans to employees	-	-	0.92	-	-	0.81
Other financial assets	-	-	2.21	-	-	2.15
Derivative instruments	-	-	-	-	0.79	-
	4.44	-	3.14	4.91	0.79	2.97
Financial liabilities						
Security deposit	-	-	-	-	-	-
	-	-	-	-	-	-

During the reporting period ending 31st March, 2023 and 31st March, 2022, there were no transfers between Level 1 and Level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements.

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(iii) Description of significant observable inputs to valuation:

The following table shows the valuation techniques used to determine fair value :

Type	Valuation technique
Investments in equity shares (unquoted)	Book value *
Investments in equity shares (quoted)	Fair Value
Loan to employees	Based on prevailing market interest rate
Derivative instruments	Fair valued based on prevailing market rate at each closing date
Short term loans from banks	Based on quotes from banks and financial institutions

* Based on unobservable inputs which generally approximates to the carrying value of the investments unless significantly impaired. Fair value has been considered Nil for significantly impaired investments. Sensitivity change in the unobservable input does not have a significant impact in its value and accordingly, sensitivity disclosure is not given.

37. Financial risk management
Risk management framework

The Company has identified financial risks and categorized them in three parts viz. (i) Credit Risk, (ii) Liquidity Risk and (iii) Market Risk. Details regarding sources of risk in each such category and how Company manages the risk is explained in following notes:

(i) Credit risk

Credit risk refers to the possibility of a customer and other counterparties not meeting their obligations and terms and conditions which would result into financial losses. Such risk arises mainly from trade receivables and investments. Credit risk is managed through internal credit control mechanism such as credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

Trade receivables

As per the credit policy of the Company, generally no credit are given exceeding the accepted credit norms. The Company deals with large corporate houses and State Electricity Boards after considering their credit standing. The credit policy with respect to other customers is strictly monitored by the Company at periodic intervals. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers. In addition, for amounts recoverable on exports, the Company has adequate insurance to mitigate overseas customer and country risk.

The Company uses an allowance matrix to measure the expected credit losses of trade receivables (which are considered good). The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

Ageing	As at 31st March, 2023			₹ in Crore
	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
0-180 days past due	2.66	5.31%	0.14	2.52
180-365 days past due	-	10.78%	-	-
More than 365 days past due	2.53	16.71%	0.42	2.11
Credit impaired	0.14	100.00%	0.14	-
	5.33	13.13%	0.70	4.63

**STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Ageing	As at 31 st March, 2022			₹ in Crore
	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
0-180 days past due	2.55	7.81%	0.20	2.35
180-365 days past due	0.22	15.84%	0.03	0.19
More than 365 days past due	2.78	24.55%	0.68	2.10
Credit impaired	0.14	100.00%	0.14	-
	5.69	18.45%	1.05	4.64

Note:- Impairment under expected credit loss includes ₹ 0.14 Crore for doubtful debts P.Y. ₹ 0.14 Crore

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 48.19 Crore at 31.3.2023 (31.3.2022: ₹ 45.96 Crore). The cash and cash equivalents are held with banks with good credit ratings. Also, the Company invests its surplus funds in bank fixed deposits, which carry no / low mark to market risks for short duration and therefore, does not expose the Company to credit risk.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Derivatives

The forward contracts were entered into with banks having an investment grade rating and exposure to counterparties is closely monitored and kept within the approved limits.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations on due date. The Company has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. This is ensured through proper financial planning with detailed annual business plans, discussed at appropriate levels within the organization. Annual business plans are divided into quarterly plans and put up to management for detailed discussion and an analysis of the nature and quality of the assumptions, parameters etc. Daily and monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilize cash in an effective manner. Cash management services are availed to avoid any loss of interest on collections. In addition, the Company has adequate borrowing limits with reputed banks in place duly approved.

a) Financing arrangements

The Company has an adequate fund and non-fund based limits lines with various banks. The Company's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. The financing products include working capital loans, buyer's credit loan, supplier's credit loan etc.

b) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows within one year

	As at 31.3.2023 ₹ in Crore	As at 31.3.2022 ₹ in Crore
Short term loans from banks	-	-
Trade payables	248.03	419.78
Other financial liabilities (other than derivative liabilities)	1.83	2.62
Derivative liabilities	0.03	-
	249.89	422.40

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(iii) Market Risk

The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price. Market risk further comprises of (a) Currency risk, (b) Interest rate risk and (c) Commodity risk.

a) Currency Risk

The Company is exposed to currency risk mainly on account of its import payables and export receivables in foreign currency. The major exposures of the Company are in U.S. dollars. The Company hedges its import foreign exchange exposure partly through exports and depending upon the market situations partly through forward foreign currency covers. The Company has a policy in place for hedging its foreign currency exposure. The Company does not use derivative financial instruments for trading or speculative purposes.

	31-Mar-23	31-Mar-23	31-Mar-22	31-Mar-22
	\$ In Crore	₹ in Crore	\$ In Crore	₹ in Crore
Financial assets				
Trade Receivables	1.54	126.71	0.79	60.03
Cash and cash equivalents	0.24	19.34	0.10	7.53
Other financial assets	0.02	1.89	0.16	12.28
Net exposure for assets - A	1.80	147.94	1.05	79.84
Financial liabilities				
Trade Payables	2.79	229.01	5.27	399.88
Other financial liabilities	0.05	3.71	0.06	4.86
Less: Foreign currency forward exchange contracts	0.96	79.11	1.32	100.44
Net exposure for liabilities - B	1.88	153.61	4.01	304.30
Net exposure (A-B)	(0.08)	(5.67)	(2.96)	(224.46)

The following exchange rates have been applied at the end of the respective years

	31-Mar-23	31-Mar-22
USD Rate	82.22	75.81

Sensitivity analysis

The table below shows sensitivity of open forex exposure to USD / INR movement. We have considered 1% (+/-) change in USD / INR movement, increase indicates appreciation in USD / INR whereas decrease indicates depreciation in USD / INR. The indicative 1% movement is directional and does not reflect management forecast on currency movement.

Impact on profit or loss due to % increase / (decrease) in currency

Particulars	2022-2023		2021-2022	
	Increase	(Decrease)	Increase	(Decrease)
Movement (%)	1%	1%	1%	1%
USD	(0.97)	0.97	(2.25)	2.25

b) Interest rate risk

The Company is not exposed to significant interest rate risk during the respective reporting periods. Short term loans are taken on fixed interest rates.

STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(i) Interest Rate Risk Exposure

The Exposure of the borrowing to interest rate changes at the end of the reporting period are included in the table below. As at the end of the reporting period the following weighted average interest rate on the borrowings.

Particulars	2022-2023			2021-2022		
	Weighted average	Balance ₹ in	% of Total	Weighted average	Balance ₹ in	% of Total
	Interest rate	Creore	Loans	Interest rate	Creore	Loans
Cash Credits from banks	-	-	100	-	-	100

The percentage of total loans shows the proportion of loans that are currently at weighted average in relation to the total amount of borrowings.

(ii) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rate. In interest rate risk note we have considered impact on profit after tax.

Particulars	2022-2023		2021-2022	
	Increase	(Decrease)	Increase	(Decrease)
Movement by 100 basis point	-	-	-	-

c) Commodity Risk
Raw Material Risk

Timely availability and also non-availability of good quality base oils from across the globe could negate the qualitative and quantitative production of the various products of the Company. Volatility in prices of crude oil and base oil is another major risk for this segment. The Company procures base oils from various suppliers scattered in different parts of the world. The Company tries to enter into long term supply contracts with regular suppliers and at times buys the base oils on spot basis.

38. Benami Transactions

The Company does not hold any Benami Property as defined under Benami Transactions (Prohibition) Act (45) of 1988 and rules made thereunder.

39. Transactions with struck off Companies

The Company does not have any transactions with companies struck off under section 248 of Companies Act 2013 or Section 560 of Companies Act 1956, during the financial year ending 31 March 2023 and 31 March 2022.

40. Restriction on number of layers

The Company has complied with the number of layer prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on Number of Layers) Rules, 2017.

41. Undisclosed Income

The Company does not have any undisclosed income during the financial year ended 31 March 2023 and 31 March 2022.



STANDALONE NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

42. Crypto/Virtual Currency

The Company does not traded or invested in Crypto Currency or Virtual Currency during the financial year ended 31 March 2023 and 31 March 2022.

43. Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and the Rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from the stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account the same once the rules are notified and become effective.

44. Utilization of borrowed funds and share premium

- (a) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

45. Rounding off amount

The amount of financial statements of the company have been reported in ₹(in Crore) rounded off to 2 decimals. However, while doing so, some of the above reported amounts might appear as 00 due to rounding off of amounts.

46. Previous year figures

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

Signature to Notes 1 to 46 of the financial statements

As per our report of even date attached

For JMR & Associates LLP

Chartered Accountants
Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner
Membership No : 114003

**For and on behalf of the board of directors of
Panama Petrochem Limited**

Amirali E. Rayani

Chairman
DIN:00002616

Amin A. Rayani

Managing Director & CEO
DIN:00002652

Pramod Maheshwari

CFO

Gayatri Sharma

Company Secretary & Compliance Officer

Place: Mumbai

Date : 30 May 2023

Place: Mumbai

Date : 30 May 2023

Independent Auditor's Report

To the Members of Panama Petrochem Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Panama Petrochem Limited** ("the Company") and its subsidiary company i.e. **Panol Industries RMC FZE** (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity, with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, the consolidated profit, consolidated other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Inventory Existence:</p> <p>The Group recognized inventory of ₹ 324.05 crores as at 31 March 2023. Inventory held at various locations across India, outside India.</p> <p>Within Each Location, inventory is stored in warehouses, tanks, containers and tanks attached to the Bonded Custom Warehouse.</p>	<p>We attended inventory counts at locations, which we selected based on financial significance and risk.</p> <p>For locations attended, we performed the following procedures at each site:</p> <ul style="list-style-type: none"> • Selected a sample of inventory items and compared the quantities we counted with the book balance. • Observed a sample of managements inventory count procedures to assess compliance with Groups Policy and • Made enquiries regarding obsolete inventory items and inspected the condition of items counted.

	<p>This is a key audit matter because of the</p> <ul style="list-style-type: none"> • Significance of the inventory balance to the statement of financial position and • Complexity involved in determining inventory quantities on hand due to the number, conversion from Ltr. to Kgs., location, diversity of inventory storage locations, inventory lying with third parties Etc. 	<ul style="list-style-type: none"> • Tested whether necessary adjustments are recorded in the financial statements for all material differences arising from physical stock counts. • evaluated the design and implementation of the controls over physical verification of inventories and tested the operating effectiveness of the controls during the year. • for stocks at third party warehouses, obtained confirmations, and as appropriate performed roll-back procedures to tally with stock quantities at the year end, on a sample basis. • verified the analytical reviews performed by the management such as consumption analysis and stock movement analysis for the year for raw material and finished goods at factories, on a sample basis.
2	<p>Trade Receivables:</p> <p>Trade receivables comprise a significant portion of the Current assets of the Group and serve as security for a majority of the Group short-term debt. As indicated in Note 6.2 to the Consolidated financial statements .The receivables provision has been made based on Expected Credit Loss method. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future. Accordingly, the estimation of the allowance for trade receivables is a significant judgment area and is therefore considered a key audit matter.</p>	<p>We considered payments received subsequent to year-end, insurance held for Overseas trade receivables, past payment history and unusual patterns to identify potentially impaired balances. The assessment of the appropriateness of the allowance for trade receivables comprised a variety of audit procedures across the Group including:</p> <ul style="list-style-type: none"> • Assessing the appropriateness and reasonableness of the assumptions applied in the managements’ assessment of the receivables allowance; • Consideration of the creditworthiness of significant trade receivables over 90 days; • Consideration and concurrence of the agreed payment terms; • Verification of receipts from trade receivables subsequent to year-end; • Inspection of credit insurance policies; and • Considered the completeness and accuracy of the disclosures. To address the risk of management bias, we evaluated the results of our procedures against audit procedures on other key balances to assess whether or not there was an indication of bias. We were satisfied that the Group’s trade receivables are fairly valued and adequately provided. We further considered whether the provisions were misstated and concluded that they were appropriate in all material respects, and disclosures related to trade receivable in the consolidated financial statements are appropriate.

Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Corporate Governance and Shareholder’s Information, but does not include the consolidated financial statements and our report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company, has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- a) We did not audit the financial statements of the subsidiary i.e. **Panol Industries RMC FZE**, whose financial statements reflect total assets of ₹ 246.34 crores as at 31 March 2023, total revenue of ₹ 540.84 crores and net profit after tax of ₹ 52.41 crores for the year ended 31 March 2023 as considered in the consolidated Ind AS financial statements. These financial statements of the subsidiary have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.
- b) Subsidiary is located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in its respective country and which have been reviewed and audited by the other auditor as applicable, under generally accepted auditing standards applicable in its respective country. The Company's Management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in its country to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's Management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the Management of the Company and audited by us.

Our opinion is not modified in respect of this matter



Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements, including, inter-alia financial statement of the subsidiary duly audited by the component auditor;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Company as on 31 March 2023 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of the Company, for reasons stated therein. Internal control over financial reporting is not applicable to the subsidiary, which is incorporated outside India.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts, including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



- (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in Note 9 (f) to the consolidated financial statements:
- (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
 - (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
 - (c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.
- vii. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **JMR & Associates LLP**

Chartered Accountants

Firm Registration No. 106912W / W100300

Nikesh Jain

Partner

Membership No. 114003

Place: Mumbai

UDIN: 23114003BGSCIU9147

Date: 30 May, 2023

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT
ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Panama Petrochem Limited** of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2023, we have audited the internal financial controls over financial reporting of **Panama Petrochem Limited** (hereinafter referred to as "Company") as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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



Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For JMR & Associates LLP

Chartered Accountants

Firm Registration No. 106912W / W100300

Nikesh Jain

Partner

Membership No. 114003

Place: Mumbai

UDIN: 23114003BGSCIU9147

Date: 30 May, 2023



CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023

Particulars	Notes	As at 31 March 2023 ₹ in Crore	As at 31 March 2022 ₹ in Crore
Assets			
1. Non-current assets			
(a) Property, Plant and Equipment	3	208.41	190.45
(b) Capital work-in-progress	3.1	13.04	4.97
(c) Investment property	4	15.76	16.04
(d) Right-of-use Assets	3, 5.1	23.43	23.62
(e) Intangible Assets	5.2	0.01	0.01
(f) Financial Assets			
(i) Investments	6.1	4.45	4.92
(ii) Others	6.6	0.39	0.36
(g) Other non-current assets	8	1.74	1.22
Total Non Current Assets		267.23	241.59
2. Current assets			
(a) Inventories	7	324.05	490.53
(b) Financial Assets			
(i) Trade Receivables	6.2	348.93	317.49
(ii) Cash and cash equivalents	6.4	96.53	61.88
(iii) Bank Balances other than (ii) above	6.5	125.23	77.43
(iv) Loans	6.3	0.92	0.81
(v) Others	6.6	11.35	7.92
(c) Current Tax Assets (Net)	15	3.52	2.10
(d) Other Current Assets	8	57.02	53.44
Total Current Assets		967.55	1,011.60
Total Assets		1,234.78	1,253.19
Equity and Liabilities			
Equity			
(a) Equity Share Capital	9	12.10	12.10
(b) Other Equity	10	939.98	756.11
Equity attributable to equity holders of the parent		952.08	768.21
Non-controlling interests		-	-
Total equity		952.08	768.21
Liabilities			
1. Non-current Liabilities			
Financial liabilities			
(a) Lease liabilities	11.1	0.32	0.03
(b) Other Non-current Liabilities		-	-
Provisions	12	1.45	1.14
Deferred Tax Liabilities (Net)	13	9.26	8.03
Total Non-current Liabilities		11.03	9.20
2. Current Liabilities			
(a) Financial Liabilities			
(i) Lease liabilities	11.1	0.12	0.23
(ii) Borrowings	11.2	-	29.81
(iii) Trade Payables	11.3	-	-
Total outstanding dues of micro enterprises and small enterprises			
Total outstanding dues of creditors other than micro enterprises and small enterprises		260.70	427.59
(iv) Other Financial Liabilities	11.4	1.86	2.62
(b) Provisions	12	0.22	0.22
(c) Current Tax Liabilities (Net)	15	-	-
(d) Other Current Liabilities	14	8.77	15.31
Total Current Liabilities		271.67	475.78
Total Equity and Liabilities		1,234.78	1,253.19
Significant Accounting Policies	2		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date attached

For JMR & Associates LLP

Chartered Accountants

Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner

Membership No : 114003

For and on behalf of the board of directors of
Panama Petrochem Limited

Amirali E. Rayani

Chairman

DIN:00002616

Pramod Maheshwari

CFO

Amin A. Rayani

Managing Director & CEO

DIN:00002652

Gayatri Sharma

Company Secretary & Compliance Officer

Place: Mumbai

Date : 30 May 2023

Place: Mumbai

Date : 30 May 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Year ended 31 March 2023 ₹ in Crore	Year ended 31 March 2022 ₹ in Crore
Income			
Revenue from operations	16	2,248.72	2,132.35
Other income	17	6.58	5.73
Total Income		2,255.30	2,138.08
Expenditure			
Cost of material consumed	18	1,732.64	1,606.27
Purchase of traded goods	19	24.39	22.25
Change in inventories of traded goods and finished goods	20	1.05	31.51
Employee benefits expense	21	24.25	24.02
Finance costs	22	11.57	7.06
Depreciation and amortization expense	23	9.43	8.41
Other expenses	24	157.42	152.30
Total Expenses		1,960.75	1,851.82
Profit for the year before tax		294.55	286.26
Tax expenses			
Current tax	34	60.00	57.20
Deferred tax	34	1.70	(1.48)
Short/(excess) provision of tax relating to earlier years		(0.12)	0.20
Total tax expenses		61.58	55.92
Profit for the year from continuing operations		232.97	230.34
Other Comprehensive Income			
A) Items that will not be reclassified subsequently to profit or loss			
(i) Re-measurement gains/(losses) on defined benefit plans		(0.04)	(0.01)
(iii) Income tax related to above		0.01	-
B) Items that will be reclassified to profit or loss			
(i) Equity instruments through other comprehensive income		(1.84)	-
(ii) Income tax related to above		0.46	-
(iii) Exchange differences on translation of foreign operations		6.75	1.11
Other Comprehensive Income		5.34	1.10
Total Comprehensive Income		238.31	231.44
Profit attributable to:			
(i) Owners of the Company		232.97	230.34
(ii) Non-controlling interests		-	-
Total comprehensive income attributable to:		232.97	230.34
(i) Owners of the Company		238.31	231.44
(ii) Non-controlling interests		-	-
		238.31	231.44
Basic and Diluted earnings per share in ₹ (face value of ₹ 2 each) (Refer Note 33)		38.51	38.08
Significant Accounting Policies			
The accompanying notes are an integral part of the consolidated financial statements.	2		

As per our report of even date attached
For JMR & Associates LLP

Chartered Accountants
Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner
Membership No : 114003

**For and on behalf of the board of directors of
Panama Petrochem Limited**
Amirali E. Rayani

Chairman
DIN:00002616

Amin A. Rayani

Managing Director & CEO
DIN:00002652

Pramod Maheshwari

CFO

Gayatri Sharma

Company Secretary & Compliance Officer

Place: Mumbai
Date : 30 May 2023
Place: Mumbai
Date : 30 May 2023

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	31 March 2023 ₹ In Crore	31 March 2022 ₹ In Crore
Cash Flows from operating activities		
Profit before tax	294.55	286.26
Adjustments for -		
Depreciation on property, plant and equipment and investment property, ROU and intangible assets	9.43	8.41
Finance costs	11.57	7.06
(Profit)/loss on sale of property, plant and equipment (net)	(0.30)	(0.02)
(Gain)/Loss on Lease Modification	0.01	0.03
Foreign currency translation reserve	6.76	1.11
Unrealized foreign exchange loss/(gain)	(5.68)	3.43
Unrealized foreign exchange loss/(gain) on derivative contract	(0.24)	(1.45)
Interest income	(2.87)	(1.27)
Dividend income	(0.02)	-
Lease rental received	(2.98)	(2.65)
Bad debts, provision for doubtful debts	(0.71)	1.03
Operating profit before working capital changes	309.52	301.94
(Increase)/decrease in Trade Receivables	(31.18)	4.15
(Increase)/decrease in Inventories	166.48	(125.47)
(Increase)/decrease in Loans and advances and other assets	(3.33)	(2.48)
(Increase)/decrease in other current assets	(2.95)	(36.22)
Increase/(decrease) in Trade Payables	(161.10)	96.75
Increase/(decrease) in other financial liabilities and provisions	(6.64)	(9.27)
Cash generated from/(used in) operations	270.80	229.40
Direct taxes paid (Net of refunds)	(61.30)	(59.38)
Net cash flow from/(used in) operating activity (A)	209.50	170.02
Cash flows from investing activities		
Additions to property, plant and equipment and investment property	(35.27)	(30.14)
Additions to Investment Property	-	(6.36)
Additions to Investment	(1.37)	(4.86)
Additions to Intangible assets	-	(0.01)
Sales of property, plant and equipment	0.34	0.04
Redemption/maturity of bank deposits (having original maturity of more than three months)	(47.80)	(73.07)
Interest received	2.38	0.79
Lease Rental received	2.98	2.65
Dividend received	0.02	-
Net cash flow from/(used in) investing activities (B)	(78.72)	(110.96)

	31 March 2023 ₹ In Crore	31 March 2022 ₹ In Crore
Cash flows from financing activities		
Payment of Lease Liabilities	(0.26)	(0.50)
Proceeds/ (Repayment) from/of short-term borrowing (net)	(29.81)	(35.36)
Interest paid	(11.72)	(7.54)
Dividend paid	(54.24)	(24.08)
Net cash flow from/(used in) financing activities (C)	(96.03)	(67.48)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	34.75	(8.41)
Effect of exchange differences on cash & cash equivalents held in foreign currency	(0.10)	(0.13)
Cash and cash equivalents at the beginning of the year	61.88	70.42
Cash and cash equivalents at the end of the year	96.53	61.88
Components of Cash and Cash Equivalents		
Cash on hand	0.38	0.75
With banks		
- on current accounts	96.15	61.13
Total Cash and Cash Equivalents (refer note 6.4 and 6.5)	96.53	61.88

* The company can utilize these balances only towards the settlement of the respective unpaid dividend.

Note :

The Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind As 7 specified under section 133 of the Companies Act, 2013.

Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date attached

For JMR & Associates LLP

Chartered Accountants
Firm Registration No. 106912W / W100300

CA. Nimesh Jain

Partner
Membership No : 114003

Place: Mumbai

Date : 30 May 2023

**For and on behalf of the board of directors of
Panama Petrochem Limited**

Amirali E. Rayani

Chairman
DIN:00002616

Pramod Maheshwari

CFO

Place: Mumbai

Date : 30 May 2023

Amin A. Rayani

Managing Director & CEO
DIN:00002652

Gayatri Sharma

Company Secretary & Compliance Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023
Statement of changes in equity for the year ended 31 March 2023

Particulars	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Balance at the beginning of the current reporting period	12.10	12.10
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	12.10	12.10
Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting period	12.10	12.10

Other Equity

₹ In Crore

Particulars	Reserves and Surplus as at 31.03.2023					
	Investment Allowance Reserve	Securities Premium Account	General reserve	Retained earnings	Other Comprehensive Income*	Total
Balance at the beginning of the current period	-	90.18	11.58	648.63	5.72	756.11
Changes in the accounting policy or prior period errors	-	-	-	-	-	-
Restated Balance at the beginning of the current period	-	90.18	11.58	648.63	5.72	756.11
Foreign Currency Translation during the year	-	-	-	-	-	-
Total comprehensive income for the current year	-	-	-	232.97	5.35	238.32
Dividends	-	-	-	(54.44)	-	(54.44)
Transfer to retained earnings/General reserve	-	-	5.24	(5.24)	-	-
Balance at the end of the current reporting period	-	90.18	16.82	821.92	11.07	939.99
Grand Total						939.99

Other Equity

₹ In Crore

Particulars	Reserves and Surplus as at 31.03.2022					
	Investment Allowance Reserve	Securities Premium Account	General reserve	Retained earnings	Other Comprehensive Income*	Total
Balance at the beginning of the current period	-	90.18	11.58	442.49	4.63	548.88
Changes in the accounting policy or prior period errors	-	-	-	-	-	-
Restated Balance at the beginning of the current period	-	90.18	11.58	442.49	4.63	548.88
Foreign Currency Translation during the year	-	-	-	-	-	-
Total comprehensive income for the current year	-	-	-	230.34	1.09	231.43
Dividends	-	-	-	(24.20)	-	(24.20)
Transfer to retained earnings/General reserve	-	-	-	-	-	-
Balance at the end of the current reporting period	-	90.18	11.58	648.63	5.72	756.11
Grand Total						756.11

*** Details of Other Comprehensive Income**

Particulars	2022-2023			
	Re-measurement of Employees defined benefits	Equity Instruments through Other Comprehensive Income	Foreign currency translation reserve	Total
Balance at the beginning of the current period	0.03	0.09	5.60	5.72
Other comprehensive Income during the year	(0.03)	(1.38)	6.76	5.35
Balance at the end of the current reporting period	0.00	(1.29)	12.36	11.07

*** Details of Other Comprehensive Income**

Particulars	2021-2022			
	Re-measurement of Employees defined benefits	Equity Instruments through Other Comprehensive Income	Foreign currency translation reserve	Total
Balance at the beginning of the current period	0.04	0.10	4.49	4.63
Other comprehensive Income during the year	(0.01)	(0.01)	1.11	1.09
Balance at the end of the current reporting period	0.03	0.09	5.60	5.72

Notes :

- Investment Allowance Reserve : This reserve represents Govt grants received against investments.
- Securities Premium : Premium collected on issue of securities are accumulated as part of securities premium.
- General Reserve : General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as dividend.
- Retained Earning : This represents profits remaining after all appropriations. This is free reserve and can be used for distribution of profits.
- Foreign currency translation : This represents exchange differences arising on the translation of non-monetary assets at the date of the reclassification reserve.

As per our report of even date attached
For JMR & Associates LLP

Chartered Accountants
Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner
Membership No : 114003

Place: Mumbai

Date : 30 May 2023

**For and on behalf of the board of directors of
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Managing Director & CEO
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Gayatri Sharma

Company Secretary & Compliance Officer

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****1. (A) Corporate Group Information**

Panama Petrochem Limited is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. Panama Petrochem Limited and its subsidiary (collectively referred as "the group"). The Group's principal operations are located in India and its subsidiary operation in United Arab Emirates. The Group is engaged in the manufacture of specialty petroleum products for diverse user industries like printing, textiles, rubber, pharmaceuticals, cosmetics, power and other industrial oil. The equity shares of the Company are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Global Depository Receipts (GDRs) of the Company are listed on the Luxembourg stock exchange.

(B) Subsidiary

Subsidiary is entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(C) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(D) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, net of deferred taxes, are eliminated.

Authorization of financial statements

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on 30 May 2023.

2. Significant Accounting Policies:**(A) Basis of Preparation of Financial Statements**

(i) Compliance with Ind AS: These consolidated financial statements of the Group have been prepared to comply, in all material aspects, with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(ii) Classification of assets and liabilities : All assets and liabilities have been classified as current or non-current based on the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current on net basis.

(iii) Historical cost convention : The financial statements have been prepared on going concern basis under the historical cost convention except:

- (a) certain financial instruments (including derivative instruments) and
- (b) defined benefit plans

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

- (iv) Functional and presentation currency :** The Group's functional and presentation currency is Indian Rupee (₹). All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore (₹ Crore), except otherwise indicated.
- (v) Fair value measurement :** The Group measures certain financial assets and financial liabilities including derivatives and defined benefit plans at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability take place either

- (a) in the principal market for the asset or liability or
(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group's determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(vi) Principles of consolidation

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

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

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

- iii. Minority interest in the net assets of consolidated subsidiaries consists of:
- (a) the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
 - (b) the minorities share of movements in equity since the date the parent and subsidiary relationship came into existence.
- iv. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- v. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.
- 2) The subsidiary company considered in the consolidated financial statements are:

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

(B) Property, Plant and Equipment

- (i) Freehold land is carried at historical cost and all other property, plant and equipment are shown at cost (net of adjustable taxes) less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises of its purchase price, non refundable / adjustable purchase taxes and any cost directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management, the initial estimate of any decommissioning obligation, if any and for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost and other operating expenses such as freight, installation charges etc. The projects under construction are carried at costs comprising of costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and attributable borrowing costs.
- (ii) Stores and spares which meet the definition of property, plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- (iii) When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.
- (iv) An Item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset or significant part) is included in the Statement of Profit and Loss when the asset is derecognized.
- (v) In line with the provisions of Schedule II to the Companies Act, 2013, the Group depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components of property, plant and equipment has been assessed based on the historical experience and internal technical inputs.
- (vi) Depreciation on property, plant and equipment is provided as per straight line method based on useful life prescribed under Schedule II to the Companies Act, 2013. The Group has assessed the estimated useful lives of its property, plant and equipment and has adopted the useful lives and residual value as prescribed in Schedule II.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The property, plant and equipment acquired under finance lease are depreciated over the period of lease. Depreciation on stores and spares specific to an item or property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the stores and spares are depreciated over their estimated useful life based on the technical assessment.

- (vii) The residual values and useful lives of property, plant and equipment are reviewed at each financial year end, and changes, if any, are accounted prospectively.
- (viii) Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. These are stated at cost to date relating to items or project in progress, incurred during construction / preoperative period. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

(C) Investment Property

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purpose). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of Ind AS 16 for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in the Statement of Profit and Loss in the period in which the property is derecognized.

Depreciation on investment property is provided as per straight line method based on estimated useful life which is considered at 60 years based on internal assessment.

(D) Intangible Assets

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

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

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

(E) Borrowing Costs

Borrowing costs are charged to Statement of Profit and Loss except to the extent attributable to acquisition / construction of and asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(F) Impairment of Non-financial Assets

At each balance sheet date, an assessment is made of whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.



CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group’s CGUs to which the individual assets are allocated.

(G) Non-current Assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

(H) Inventories

Inventories are valued as follows:

Raw materials, Packing Materials and Traded Goods	Lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First In First Out (FIFO) basis. Cost of raw materials comprises of cost of purchase (net of discount) and other cost in bringing the inventory to their present location and condition excluding Input GST credit . Customs duty on stock lying in bonded warehouse is included in cost.
Work-in-progress and Finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a First In First Out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(I) Revenue from contracts with customer:

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**(i) Sale of Goods:**

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

(ii) Interest income:

Under Ind AS 109, Interest income is recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at fair value through Profit and loss (FVTPL).

The EIR in case of a financial asset is computed

- a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- b. By considering all the contractual terms of the financial instruments in estimating the cash flows.
- c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts.

Any subsequent changes in the estimation of the future cash flows is recognized in interest income with the corresponding adjustment to the carrying amount of the assets.

(iii) Net Gain on fair value changes :

Any differences between the fair values of financial assets classified as fair value through the profit or loss held by Group on the balance sheet date is recognized as an unrealized gain / loss. In cases there is a net gain in the aggregate, the same is recognized in "Net gains on fair value changes" under "Other Income" and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

Similarly, any realized gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at Fair value through Other Comprehensive Income ("FVTOCI") is recognized in net gain / loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortized is presented separately under the respective head in the Statement of Profit and Loss.

(iv) Dividend income:

Dividend income is recognized :

- a. When the right to receive the payment is established.
- b. It is probable that the economic benefits associated with the dividend will flow to the entity and
- c. The amount of the dividend can be measured reliably.

(v) Rental Income:

Revenue is recognized on the basis of income arising from operating lease of investment properties is accounted for on a straight-line basis over the lease unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases and is included in the head "other income" in the Statement of Profit and Loss.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****(vi) Others:**

Revenue is recognized in respect of export incentives, insurance / other claims etc., when it is reasonably certain that the ultimate collection will be made.

(J) Expenditure on Research and Development

Revenue expenditure on Research and Development is charged to Statement of Profit and Loss under the appropriate heads of expenses. Expenditure relating to property, plant and equipment are capitalized under respective heads.

(K) Foreign Currency Transactions**(i) Initial Recognition**

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

(ii) Conversion

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

(iii) Exchange Differences

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

(iv) Forward Contracts

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

(L) Employee Benefits

All employee benefits payable wholly within 12 months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

Post Retirement Benefits

The Group operates the following post-employment schemes:

- (a) defined benefit plan - gratuity
- (b) defined contribution plan - provident fund

Defined benefit plan - Gratuity obligation

Post-employment benefits (benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The liability or asset recognized in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Defined contribution plan

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

(M) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts. Refer note no 11.1

(a) Group is the lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(b) Group is the lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

(N) Taxation

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year.

- (a) Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the the respective jurisdiction.
- (b) Deferred Tax: Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are off set if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(O) Segment Reporting

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segments have been identified on the basis of nature of product/services.

The board of directors of the Group has appointed the Managing Director as the chief operating decision maker (CODM) who is assessing the financial performance and position of the Group, and makes strategic decisions.

(P) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, if any, such as bonus issue, bonus elements in a rights issue to existing shareholders, shares split and reverse share split (consolidation of shares).

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

(Q) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

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

Contingent liabilities are disclosed in the case of:

- a) a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) a present obligation arising from the past events, when no reliable estimate is possible;
- c) a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

(R) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

I. Financial Assets**A. Initial recognition and measurement :**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of the financial asset [other than financial assets at fair value through profit or loss (FVTPL)] are

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

added to the fair value of the financial assets. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Transaction costs of financial assets carried at FVTPL are expensed in the Statement of Profit and Loss.

B. Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in the following categories:

(i) Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

(ii) Debt instruments included within the Fair Value Through Profit or Loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

(iii) Equity instruments: All equity instruments within the scope of Ind-AS 109 are measured at fair value. Equity instruments which are classified as held for trading are measured at FVTPL. For all other equity instruments, the Group decides to measure the same either at Fair Value Through Other Comprehensive Income (FVTOCI) or FVTPL. The Group makes such selection on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments measured at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such instruments.

iv) Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

C. De-recognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e. removed from the Group's balance sheet) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:

(i) the Group has transferred substantially all the risks and rewards of the asset, or

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

- (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

D. Impairment of financial assets:

In accordance with Ind-AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on trade receivables and other advances. The Group follows 'simplified approach' for recognition of impairment loss on these financial assets. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Allowance for credit losses on receivables and unbilled revenue

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

II. Financial Liabilities**A. Initial recognition and measurement:**

Financial liabilities are classified at initial recognition as :

- (i) financial liabilities at fair value through profit or loss,
- (ii) loans and borrowings, payables, net of directly attributable transaction costs or
- (iii) derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

B. Subsequent measurement :

The measurement of financial liabilities depends on their classification, as described below:

- (i) **Borrowings:** Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognized in the Statement of Profit and Loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

- (ii) **Trade and other payables:** These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.
- (iii) **Derivative financial instruments:** The Group uses derivative financial instruments, such as foreign exchange forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedge accounting :

The Group designates certain hedging instruments which include derivatives, embedded derivatives and non derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. At the inception of the hedge relationship, the Group documents the relationship between the hedging instruments and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

C. De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another, from the same lender, on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

D. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(S) Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

- (a) Operating lease commitments – Group as lessor;
- (b) Assessment of functional currency;

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

- (c) Evaluation of recoverability of deferred tax assets

Estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year :

- a) Useful lives of property, plant and equipment, investment property and intangible assets;
- b) Fair value measurements of financial instruments ;
- c) Impairment of non-financial assets;
- d) Taxes;
- e) Defined benefit plans (gratuity benefits);
- f) Provisions;
- g) Valuation of inventories;
- h) Contingencies

(T) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.



CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

03.	Property, plant and equipment ₹ In Crore							Right-of-use assets ₹ In Crore				
	Freehold land	Factory Building	Non Factory Building	Plant & Equipment	Office Equipment	Computers	Furniture and fixtures	Vehicles	Total Property, plant and equipment	Leasehold land	Leased properties	Total Right-of-use assets
Cost or valuation												
At 1 April 2021	0.06	37.14	53.87	86.99	1.79	1.06	5.45	8.48	194.84	28.84	1.35	30.19
Additions	-	0.23	42.32	2.72	0.49	0.03	0.88	0.18	46.85	-	0.53	0.53
Other adjustments	-	-	-	-	-	-	-	(0.43)	(0.43)	-	(0.73)	(0.73)
At 31 March 2022	0.06	37.37	96.19	89.71	2.28	1.09	6.33	8.23	241.26	28.84	1.20	30.04
Additions	-	-	17.10	6.90	0.43	0.07	0.28	1.75	26.53	-	0.47	0.47
Other adjustments	-	-	(0.05)	-	-	(0.27)	-	(0.10)	(0.15)	-	(0.95)	(0.95)
At 31 March 2023	0.06	37.37	113.24	96.61	2.71	0.89	6.61	9.88	267.37	28.84	0.72	29.56
Depreciation												
At 1 April 2021	-	9.17	3.33	21.40	1.39	0.97	3.16	4.46	43.89	5.08	0.92	6.00
Charge for the year	-	1.28	1.05	3.58	0.14	0.05	0.45	0.80	7.35	0.37	0.46	0.83
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Deletion	-	-	-	-	-	-	-	(0.41)	(0.41)	-	(0.41)	(0.41)
At 31 March 2022	-	10.45	4.38	24.98	1.53	1.02	3.61	4.85	50.83	5.45	0.97	6.42
Charge for the year	-	1.34	1.75	3.85	0.21	0.05	0.46	0.85	8.51	0.37	0.29	0.66
Other adjustments	-	-	(0.02)	-	-	(0.27)	-	(0.09)	(0.11)	-	(0.95)	(0.95)
Deletion	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2023	-	11.79	6.11	28.83	1.74	0.80	4.07	5.61	58.96	5.82	0.31	6.13
Net Block												
At 31 March 2022	0.06	26.92	91.81	64.73	0.75	0.07	2.72	3.38	190.43	23.39	0.23	23.62
At 31 March 2023	0.06	25.58	107.13	67.78	0.97	0.09	2.54	4.27	208.41	23.02	0.41	23.43
Capital work-in-progress												
At 31 March 2022	-	-	2.55	2.09	-	-	0.33	-	4.97	-	-	-
At 31 March 2023	-	-	9.86	0.37	-	-	2.81	-	13.04	-	-	-

Notes:-

3.1 Capital Work in Progress

CWIP	2022-2023				2021-2022					
	Amount in CWIP for a period of				Amount in CWIP for a period of					
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	10.14	-	2.90	-	13.04	4.86	0.08	-	0.03	4.97
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
4. Investment Property

	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
I. Gross Carrying Amount		
Balance at the beginning of the year	17.81	11.45
Additions / reclassification	-	6.36
Deletions / reclassification	-	-
Balance at the end of the year	17.81	17.81
II. Accumulated Depreciation and Impairment		
Balance at the beginning of the year	1.77	1.54
Depreciation for the year	0.28	0.23
Accumulated depreciation on Addition/deletions	-	-
Balance at the end of the year	2.05	1.77
III. Net Carrying Amount at end of the year	15.76	16.04
IV. Fair value of investment property at the end of the year	29.38	29.38

4.1 Information regarding income and expenditure of Investment Property

	2022-2023	2021-2022
	₹ In Crore	₹ In Crore
Rental income derived from investment properties	2.72	2.29
Less: Direct operating expenses (including repairs and maintenance) generating rental income	0.27	0.23
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	2.45	2.06
Less: Depreciation	0.28	0.23
Profit arising from investment properties before indirect expenses	2.17	1.83

4.2 Fair value of the Group's investment properties

The fair value of the Group's investment properties as at 31 March 2023 was arrived at on the basis of a valuation carried out by independent registered valuers not related to the Company. The Company has adopted policy of revaluing investment property generally every year. (Level 3)

4.3 a) Details of the Group's Investment properties and information about their Fair value hierarchy

	Fair value measurement	
	31.03.2023	31.03.2022
	₹ In Crore	₹ In Crore
Valuation at the end of the year	29.38	29.38

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
b) Reconciliation of fair value

	2022-2023	2021-2022
	₹ In Crore	₹ In Crore
Opening balance	29.38	23.02
Fair value difference	-	-
Reclassification	-	6.36
Closing balance	29.38	29.38

c) Description of valuation techniques used and key inputs to valuation on investment properties

The investment properties have been valued at Fair Market Value. It is the value of the property at which it can be sold in open market at a particular time free from forced value or sentimental value. Prevailing market value is a result of demand/ supply /merits /demerits of properties and various locational, social, economical, political factors and circumstances. Prevailing market value can be estimated through market survey, through dependable data/ sale instances, local estate developers/ brokers, real estate portal enquiries and verbal enquiries in neighbourhood area.

5.1 Leases:
A) Lease commitment as Lessee

The Group has entered into agreements for taking lease certain offices and warehouses on lease and licence basis. The lease term is a period ranging from 12 to 45 months. The Group has contracts which have fixed rentals. The Group has also taken leasehold factory lands on one time payment and other land on yearly fixed payment. The lease term is a period ranging from 25 years to 99 years.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17

Disclosure as per the requirement of Ind AS 116
Amounts recognized in balance sheet

The balance sheet shows the following amounts relating to leases

Following are the changes in the carrying value of right of use assets :

	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Balance as at beginning of the year	23.61	24.18
Additions	0.47	0.53
Deletions/Modification	-	(0.27)
Depreciation	(0.66)	(0.83)
Balance as at the end of the year	23.42	23.62

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
Following are the changes in carrying value of lease liabilities:

	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Balance as at beginning of the year	0.26	0.48
Additions	0.47	0.53
Finance cost accrued during the period	0.07	0.07
Deletions/Modification	(0.03)	(0.24)
Payment of lease liabilities	(0.33)	(0.58)
Balance at the end	0.44	0.26

Lease liabilities

Current	0.12	0.23
Non-current	0.32	0.03

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

Particulars	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Less than one year	0.15	0.25
One to five years	0.36	0.03
More than five years	-	-
Total	0.51	0.28

The cash outflow of lease payments with respect to the above lease recognized in the statement of profit and loss for the financial year 2022-2023 is ₹ 0.33 Crore (Previous Year ₹ 0.58 Crore).

B) Where the Group is lessor

The future minimum lease payments receivable as per the lease agreements on undiscounted basis are as follows:

Particulars	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Less than one year	2.93	1.56
One to five years	11.71	0.25
More than five years	-	-

The amount of minimum lease income with respect to operating lease recognized in the statement of profit and loss for the year is ₹ 2.72 Crore (previous year ₹ 2.29 Crore).

5.2 Other Intangible Assets
I. Gross Carrying Amount

Balance at the beginning of the year	0.08	0.07
Additions	-	0.01
Deletions	-	-
Balance at the end of the year	0.08	0.08

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Particulars	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
II. Accumulated Depreciation and Impairment		
Balance at the beginning of the year	0.07	0.07
Depreciation for the year	-	-
Accumulated depreciation on deletions	-	-
Balance at the end of the year	0.07	0.07
III. Net Carrying Amount at end of the year	0.01	0.01

The Company does not have any intangible assets under development.

6 Financial Assets
6.1 Non-current Investments (fully paid up)

Investments in equity instruments	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Unquoted		
1,795 (31 March 2022 : 1,795) fully paid equity shares of ₹ 10 each of Bharuch Enviro Infrastructure Limited #	-	-
975 (31 March 2022 : 975) Fully paid equity shares of ₹ 100 each of The Marol Co operative Industrial Estate Limited #	0.01	0.01
	0.01	0.01
Aggregate amount of Unquoted Investments - gross	0.01	0.01
Aggregate amount of impairment in value of investments	-	-
Aggregate amount of Unquoted Investments - net	0.01	0.01
# It is carried at cost.		
Quoted		
Designated at Fair value through Other Comprehensive Income		
6,200 (31 March 2022 : 6,200) fully paid equity shares of DCB Bank Limited	0.07	0.04
35,200 (31 March 2022 : 25,200) Fully paid equity shares of Godrej Properties Limited	3.63	4.21
31,220 (31 March 2022 : 31,220) Fully paid equity share of Savita Oil Technologies Limited	0.74	0.66
	4.44	4.91
Aggregate amount of Quoted Investments - gross (at market value)	4.44	4.91
Aggregate amount of impairment in value of investments	-	-
Aggregate amount of Quoted Investments - net	4.44	4.91
Total	4.45	4.92

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
6.2 Trade Receivables

	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Current		
Unsecured, Considered good	348.93	317.48
Unsecured, Considered doubtful	0.56	1.28
Unsecured, credit impaired	0.14	0.14
	<u>349.63</u>	<u>318.90</u>
Less: Impairment under expected credit loss	0.70	1.41
	<u>348.93</u>	<u>317.49</u>

Note:- Impairment under expected credit loss includes ₹ 0.14 Crore (P.Y. ₹ 0.14 Crore) for doubtful debts .

The holding Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follow

Age of receivables	As at 31.3.2023			
	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
	₹ In Crore	%	₹ In Crore	₹ In Crore
0-180 days past due	2.66	5.31%	0.14	2.52
180-365 days past due	-	10.78%	-	-
More than 365 days past due	2.53	16.71%	0.42	2.11
Credit impaired	0.14	100.00%	0.14	-
Total	<u>5.33</u>	<u>13.21%</u>	<u>0.70</u>	<u>4.63</u>

Age of receivables	As at 31.3.2022			
	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
	₹ In Crore	%	₹ In Crore	₹ In Crore
0-180 days past due	6.42	7.81%	0.50	5.92
180-365 days past due	0.58	15.84%	0.09	0.49
More than 365 days past due	2.78	24.55%	0.68	2.10
Credit impaired	0.14	100.00%	0.14	-
Total	<u>9.92</u>	<u>14.22%</u>	<u>1.41</u>	<u>8.51</u>

Movement in the expected credit loss allowance

	Year ended 31.3.2023	Year ended 31.3.2022
	₹ In Crore	₹ In Crore
Balance at the beginning of the year	1.06	0.38
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(0.36)	0.68
Balance at the end of the year	<u>0.70</u>	<u>1.06</u>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****The bifurcation of Trade Receivable are as under:-****Year ended 31.3.2023**
₹ in Crore

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i) Undisputed trade receivables – considered good	342.81	0.79	-	-	-	343.60
ii) Undisputed Trade receivables – which have significant increase in credit risk	-	2.66	-	-	2.53	5.19
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	0.14	0.14
iv) Disputed trade receivables – considered good	-	-	-	-	-	-
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

The bifurcation of Trade Receivable are as under:-**Year ended 31.3.2022**
₹ in Crore

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i) Undisputed trade receivables – considered good	304.95	0.54	0.19	-	-	305.68
ii) Undisputed Trade receivables – which have significant increase in credit risk	-	6.42	0.58	2.57	-	9.57
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	0.14	0.14
iv) Disputed trade receivables – considered good	-	-	0.36	0.21	1.53	2.10
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Unbilled Revenue

Particulars	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Disputed Trade Receivables	-	-
Undisputed Trade Receivables	-	-

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Particulars	As at 31.03.2023 ₹ In Crore	As at 31.03.2022 ₹ In Crore
6.3 Loans and advances		
Current		
Other Loans		
Unsecured, considered good	0.92	0.81
	0.92	0.81
6.4 Cash and Cash Equivalents		
Balances with banks		
On current accounts	96.15	61.13
Cash Balances		
Cash on hand	0.38	0.75
	96.53	61.88
6.5 Other bank balances		
Deposit accounts with more than 3 months but less than 12 months maturity	124.62	77.02
Unpaid dividend accounts	0.61	0.41
	125.23	77.43
6.6 Other Financial Assets		
Non-current		
Bank deposits with more than 12 months maturity	-	-
Security deposits	0.39	0.36
	0.39	0.36
Current		
Security deposits	10.38	6.63
Derivative asset	-	0.80
Other financial assets	0.97	0.49
	11.35	7.92
	11.74	8.28
7 Inventories		
(Valued at lower of cost and net realisable value)		
Raw material	303.01	468.15
Finished goods	9.59	7.02
Traded goods	10.38	14.00
Packing material	1.07	1.36
(Includes goods in transit ₹ 0.35 Crore previous year ₹ 2.35 Crore)	324.05	490.53

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****8 Other Assets**

Particulars	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Non-current		
Capital advances	1.74	1.22
	1.74	1.22
Current		
Cenvat/GST balances	6.17	9.85
Advances to vendors	48.53	41.06
Others including duties and taxes receivable (other than Cenvat/GST balances)	2.32	2.53
	57.02	53.44

9 Equity Share Capital

Particulars	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Authorised shares		
12,77,50,000 (31 March 2022 : 12,77,50,000 equity shares of ₹ 2 each) equity shares of ₹ 2 each)	25.55	25.55
Issued shares		
6,04,93,598 (31 March 2022 : 6,04,93,598 equity shares of ₹ 2 each)	12.10	12.10
Subscribed and fully paid-up shares		
6,04,93,598 (31 March 2022 : 6,04,93,598 equity shares of ₹ 2 each)	12.10	12.10

a) Reconciliation of shares

	As at 31.03.2023		As at 31.03.2022	
	Nos.	₹ In Crore	Nos.	₹ In Crore
At the beginning of the year	6,04,93,598	12.10	6,04,93,598	12.10
Issued/Buyback during the year	-	-	-	-
At the end of the year	6,04,93,598	12.10	6,04,93,598	12.10

b) Rights, preferences and restrictions attached to equity shares

The Group has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share, however the holders of global depository receipts (GDR's) do not have any voting rights in respect of shares represented by the GDR's till the shares are held by the custodian bank.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive assets (after repayment of liability) in proportion to the number of equity shares held by the shareholders.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
c) Shares held by promoters as at 31 March 2023

Promoter name	No. of Shares	%of total shares	% Change during the year
Amirali Essabhai Rayani	1,536,000	2.54%	0.00%
Akbarali Essabhai Rayani	1,595,346	2.64%	0.00%
Salimali Essabhai Rayani	1,521,587	2.52%	0.00%
Vazirali Essabhai Rayani	1,246,965	2.06%	0.00%

There are no change in promoter holding during the year

Promoter Group

Ittefaq Ice And Cold Storage Pvt Ltd	3,936,474	6.51%	0.00%
Panama Builders Developers Pvt Ltd	1,042,591	1.72%	0.54%
Arif Amirali Rayani	3,670,567	6.07%	0.00%
Sapna Samir Rayani	1,522,207	2.52%	0.00%
Serena Iqbal Rayani	720,000	1.19%	0.00%
Nilima Shah Nawaz Kheraj	3,000	0.00%	0.00%
Gulshan Salimali Rayani	144,355	0.24%	0.00%
Malika Vazirali Rayani	1,011,342	1.67%	0.00%
Shelina Arifali Rayani	3,190,462	5.27%	0.00%
Samir Akbarali Rayani	2,008,703	3.32%	0.27%
Hussein Vazirali Rayani	1,041,386	1.72%	0.00%
Chemine Amin Rayani	1,859,449	3.07%	0.00%
Iqbal Vazirali Rayani	1,832,977	3.03%	0.00%
Amin Amirali Rayani	3,123,056	5.16%	0.00%
Begumbanu Akberali Rayani	2,504,160	4.14%	0.33%
Munira Hussein Rayani	888,750	1.47%	0.00%
Ahyman Arif Rayani	1,012,508	1.67%	0.02%

d) Details of shareholders holding more than 5% of equity shares

	As at 31.03.2023		As at 31.03.2022	
	No of Shares	% holding in the class	No of Shares	% holding in the class
Equity Shares of ₹ 2 each fully paid up				
Ms. Shelina Arif Rayani	3,190,462	5.27%	3,190,462	5.27%
Arif Amirali Rayani	3,670,567	6.07%	3,670,567	6.07%
Ittefaq Ice and Cold Storage Private Limited	3,936,474	6.51%	3,936,474	6.51%
Shares held by Custodian as against which global depository receipts have been issued (Citi Bank N.A.)	9,810,937	16.22%	11,685,937	19.32%

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
e) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:

Particulars	Year ended 31 March				
	2023	2022	2021	2020	2019
Equity shares of ₹ 2 each	-	-	-	-	-

The shareholders in the 35th Annual General Meeting held on 18 Sept 2017 approved the issue of bonus shares in the ratio of one equity share of ₹ 2/- each for two existing share of ₹ 2/- each held and accordingly, the Group has allotted 2,01,64,533 number of equity shares on 5th October 2017.

f) Dividend

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

The Company declares and pays dividends in Indian rupees. Companies are required to pay/distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognized as distribution to equity shareholders in accordance with Companies Act 2013 is as follows:-

Particulars	Year ended 31 March	
	2023	2022
Interim Dividend for fiscal 2023	3.00	-
Final Dividend for fiscal 2022	6.00	-
Interim Dividend for fiscal 2022	-	2.00
Final Dividend for fiscal 2021	-	2.00

During the year ended 31 March 2023, on account of the final dividend for fiscal 2022 and interim dividend for fiscal 2023 the Company has incurred a net cash outflow of ₹ 54.44 Crore

The Board of Directors in their meeting on 30 May 2023 recommended a final dividend of ₹ 5/- (P.Y. ₹ 6/-) per equity share for the financial year ended 31 March 2023. This payment is subject to the approval of shareholders in the Annual General Meeting (AGM) of the Company, and if approved would result in a net cash outflow of approximately ₹ 30.25 Crore.

10. Other Equity

	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Investment Allowance Reserve		
Balance at the beginning & at the end of the year	-	-
Less:- Transfer to General reserve	-	-
	-	-
Securities Premium Account		
Balance at the beginning of the year	90.18	90.18
Less:- Utilized for during the year	-	-
Balance at the end of the year	90.18	90.18



CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
General reserve		
Balance at the beginning of the year	11.58	11.58
Add: Transfer from Investment Allowance Reserve	-	-
Add: Transfer from Profit and Loss	5.24	-
Balance at the end of the year	16.82	11.58
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	648.63	442.49
Add: Profit / (loss) for the year	232.97	230.34
Less: Appropriations (Dividend Paid)	54.44	24.20
Less: Transfer to General reserve	5.24	-
Balance at the end of the year	821.92	648.63
Other Comprehensive Income		
Balance at the beginning of the year	5.72	4.63
Other comprehensive Income during the year	5.34	1.09
Balance at the end of the year	11.06	5.72
Total other equity	939.98	756.11

Notes:

- Investment Allowance Reserve : Investment Allowance Reserve is a statutory reserve and can be utilize for further issue of capital.
- Securities Premium : Premium collected on issue of securities are accumulated as part of securities premium. Utilization of such reserve is restricted by The Companies Act, 2013.
- General Reserve : General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as dividend.
- Retained Earning : This represents profits remaining after all appropriations. This is free reserve and can be used for distribution of profits.

11 Financial Liabilities

Particulars	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
11.1 Lease Liability		
Non Current		
Non Current lease liability	0.32	0.03
	0.32	0.03
Current		
Current lease liability	0.12	0.23
	0.12	0.23

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The following is the movement in lease liabilities during the year ended March 31, 2023 :

Particulars	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Balance at the beginning	0.26	0.48
Additions	0.47	0.53
Finance cost accrued during the period	0.07	0.07
Deletions	(0.03)	(0.24)
Payment of lease liabilities	(0.33)	(0.58)
Balance at the end	0.44	0.26

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

11.2 Short-term Borrowings (Secured)

Cash Credits from banks	-	29.81
Secured by ; hypothecation of inventories, receivables and other current assets The cash credit is repayable on demand and carried an interest rate of Current Year 4.50% to 10.80% p.a. (Previous Year 4.50% to 12.25% p.a.)	-	29.81

- The Group has used the borrowings from banks for the specific purpose for which it was taken at the balance sheet date.
- The quarterly results or statements of current assets filed by the Group with banks are in agreement with books of accounts and there is no discrepancies in the same.
- The Group is not declared a willful defaulter by any bank or financial institution or other lender.
- The Group has registered all the charges towards secured borrowings outstanding as on 31 March 2023 and 31 March 2022. There is no satisfaction of charge pending on secured borrowings which are repaid during the financial year ended 31 March 2023 and 31 March 2022.
- Refer note no 43

11.3 Trade payables

Current	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Trade payables:		
Micro and small Enterprises	-	-
Other than micro and small enterprises	260.70	427.59
(Refer Note 29 for details of dues to micro and small enterprises)	260.70	427.59

Bifurcation of Trade payables:-	Outstanding for following periods from due date of payment					As at 31.03.2023
	Not Billed	Less than 1 year	1-2 years	2-3 years	More than 3 years	₹ In Crore
						Total
(i) MSME	-	-	-	-	-	-
(ii) Others	0.79	259.89	0.02	-	-	260.70
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-



CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Bifurcation of Trade payables:-	Outstanding for following periods from due date of payment					As at 31.03.2022
	Not Billed	Less than 1 year	1-2 years	2-3 years	More than 3 years	₹ In Crore
(i) MSME	-	-	-	-	-	-
(ii) Others	1.28	426.18	0.12	0.01	-	427.59
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

11.4 Other Financial Liabilities

Current

	As at 31.03.2023	As at 31.03.2022
	₹ In Crore	₹ In Crore
Financial liabilities at fair value through profit or loss (FVTPL)		
Derivatives liabilities carried at fair value	0.03	-
Other Financial liabilities at amortized cost		
Unpaid dividends	0.61	0.41
Security deposit	0.83	1.68
Creditors for capital goods	0.39	0.53
	1.86	2.62

12. Provisions

Non Current

Provision for gratuity (Refer Note 30)	1.45	1.14
	1.45	1.14

Current

Provision for gratuity (Refer Note 30)	0.22	0.22
	0.22	0.22
	1.67	1.36

13 Deferred Tax Liability (Net)

Deferred Tax Liability	10.35	8.68
Deferred Tax Assets	1.09	0.65
Net Deferred Tax Liability	9.26	8.03

Deferred Tax Assets

Deductible temporary differences:-		
Provision for doubtful debts and advances	0.05	0.05
Provision for ECL	0.14	0.23
Finance Lease	0.11	0.07
Defined benefit obligation	0.32	0.28
Others	0.47	0.02
	1.09	0.65



CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	<u>As at 31.03.2023</u>	<u>As at 31.03.2022</u>
	<u>₹ In Crore</u>	<u>₹ In Crore</u>
Deferred Tax Liability		
Taxable temporary differences:-	10.25	8.62
Property, plant and equipment and investment property	0.10	0.06
Right of Use	10.35	8.68
14 Other Liabilities		
Current		
Advances from customers	3.81	4.98
Income tax deducted at source	0.36	0.56
Duties and taxes	4.59	9.43
Other liabilities	0.01	0.34
	8.77	15.31
15 Current tax assets and liabilities		
Current tax assets		
Advance Tax (Gross)	191.04	134.52
	191.04	134.52
Current tax liabilities		
Income tax payable (Gross)	187.52	132.42
Current tax assets/(liabilities)	3.52	2.10
16 Revenue from Operations		
Sale of products		
Finished products	2,216.43	2,102.05
Traded products	32.29	30.30
	2,248.72	2,132.35
17 Other Income		
Interest income	2.86	1.26
Interest income on lease	0.01	0.01
Dividend income from Long-term investments	0.02	-
Profit on sale of property, plant and equipment's (net)	0.30	0.02
Rent received	2.98	2.65
Miscellaneous income	0.41	1.79
	6.58	5.73

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
18 Cost of Materials Consumed

	2022-2023	2021-2022
	₹ In Crore	₹ In Crore
Raw material consumed		
Inventory at the beginning of the year	468.15	312.22
Add : Purchases	1,539.99	1,733.03
	<u>2,008.14</u>	<u>2,045.25</u>
Less : Inventory at the end of the year	303.02	468.15
Cost of raw material consumed	<u>1,705.12</u>	<u>1,577.10</u>
Packing material consumed		
Inventory at the beginning of the year	1.36	1.15
Add : Purchases	27.23	29.38
	<u>28.59</u>	<u>30.53</u>
Less : Inventory at the end of the year	1.07	1.36
Cost of packing material consumed	<u>27.52</u>	<u>29.17</u>
Total material consumed	<u>1,732.64</u>	<u>1,606.27</u>

19 Purchase of Traded Goods

Traded goods	24.39	22.25
	<u>24.39</u>	<u>22.25</u>

20 (Increase) / Decrease in Inventories
Inventories at the end of the year

Finished Goods	9.59	7.02
Traded Goods	10.38	14.00
	<u>19.97</u>	<u>21.02</u>

Inventories at the beginning of the year

Finished Goods	7.02	38.94
Traded Goods	14.00	13.59
	<u>21.02</u>	<u>52.53</u>
	<u>1.05</u>	<u>31.51</u>

21 Employee Benefits Expense

Salaries, wages and bonus	23.15	22.70
Contribution to employees' provident and other funds	0.37	0.37
Gratuity expense	0.39	0.54
Staff welfare expenses	0.34	0.41
	<u>24.25</u>	<u>24.02</u>

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
22 Finance costs

	2022-2023	2021-2022
	₹ In Crore	₹ In Crore
Interest on borrowings	7.72	2.63
Interest expense on lease liabilities	0.17	0.21
Bank charges	3.68	4.22
	11.57	7.06

23 Depreciation / Amortization (Refer Note 3, 4 and 5.2)

Depreciation on property, plant and equipment	8.49	7.35
Depreciation on investment property	0.28	0.23
Depreciation on intangible assets	-	-
Depreciation of right-of-use assets	0.66	0.83
	9.43	8.41

24 Other Expenses

Power and fuel	2.51	1.79
Water charges	0.21	0.21
Repairs and maintenance :		
Buildings	0.48	0.99
Machinery	1.65	3.04
Others	0.87	1.29
Insurance	2.91	2.88
Rent	1.54	1.40
Rates and taxes	0.66	0.38
Communication costs	0.33	0.37
Legal and professional fees	2.11	1.97
Payment to auditor (Refer details below)	0.29	0.24
Director sitting fees	0.09	0.07
Clearing and forwarding expenses	89.43	94.82
Freight outwards	21.82	20.24
Travelling and conveyance	5.08	2.56
Advertising and sales promotion	0.37	1.59
Brokerage and commission	5.66	9.99
Security charges	0.75	0.64
Bad debts and sundry balances written off	(0.32)	1.76
CSR expense and donation (Refer note 25)	2.81	1.65
Premium on forward exchange contract amortized	0.28	0.77
Exchange loss (net)	12.73	0.68
Miscellaneous expenses	5.16	2.97
	157.42	152.30

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022-2023	2021-2022
	₹ In Crore	₹ In Crore
Payment to auditor (excluding GST)		
As auditor:		
Statutory audit and limited review fees	0.23	0.20
Tax audit fees	0.03	0.02
Certification charges	0.03	0.02
Taxation matters	-	-
	0.29	0.24

25. The Group has spent ₹ 2.70 Crore (Previous year ₹ 1.67 Crore) towards Corporate Social Responsibility expenditure (including capital expenditure ₹ Nil, Previous year ₹ Nil) and debited the same to the Statement of Profit and Loss as against ₹ 2.78 Crore (Previous year ₹ 1.59 Crore) computed as per the provisions of section 135(5) of the Companies Act, 2013 and excess ₹ Nil (Previous year ₹ 0.08 Crore) carry forward to the next year. The details are as under:-

	31 March 2023	31 March 2022
	₹ In Crore	₹ In Crore
(i) Amount required to be spent by the company during the year,	2.78	1.59
(ii) Amount of expenditure incurred,	2.70	1.62
(iii) Shortfall/(excess) at the end of the year,	Nil	(0.08)
(iv) Excess amount carry forward from previous year	0.08	0.05
(iv) Total of previous years shortfall,	Nil	Nil
(v) Reason for shortfall,	NA	NA
(vi) Nature of CSR activities,	Promoting Education and Healthcare, Disaster Relief and PM Care fund	
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the Group in relation to CSR expenditure as per relevant Accounting Standard,	NA	NA
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	NA	NA

26. Ratio Analysis

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Refer Note
Current Ratio	Current Assets	Current Liabilities	3.56	2.13	67.51%	(i)
Debt-Equity Ratio	Total Debt	Total Equity	-	0.04	100%	(ii)
Debt Service Coverage Ratio*	Earnings available for debt service	Debt Service	27.27	42.75	-36.21%	(iii)
Return on Equity Ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	0.27	0.35	-21.85%	
Inventory turnover ratio	Cost of goods sold OR sales	Average Inventory	5.52	4.98	10.77%	

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Refer Note
Trade Receivables turnover ratio,	Net Credit Sales	Avg. Accounts Receivable	6.75	6.66	1.38%	
Trade payables turnover ratio,	Net Credit Purchases	Average Trade Payables	4.62	4.72	-2.09%	
Net capital turnover ratio,	Net Sales	Working Capital	3.23	3.98	-18.80%	
Net Profit Ratio	Net Profit	Net Sales	0.10	0.11	-4.09%	
Return on Capital employed	Earning before interest and taxes	Capital Employed	0.32	0.38	-15.79%	
Return on Investment						
Quoted	Income generated from investments	Time weighted average investments	0.00	-	0.00%	
Unquoted	Income generated from investments	Time weighted average investments	-	-	0.00%	

- (i) During the year the Group managed better working capital, due to which improvement in ratio.
(ii) During the year the Group has paid working capital borrowings.
(iii) During the year the banker has increased the rate of interest on non fund based limits and accordingly finance cost increased.

27. Disaggregated Revenue Information

The table below represents disaggregation of Group's revenue from contracts with the customers. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Particulars	2022-2023	2021-2022
	₹ In Crore	₹ In Crore
Type of goods		
Finished products	2,216.43	2,102.05
Traded products	32.29	30.30
Total revenue from contracts with the customers	2,248.72	2,132.35
Geographical markets		
-India	1,100.00	924.71
-Outside India	1,148.72	1,207.64
Total revenue from contracts with the customers	2,248.72	2,132.35
Relation with customer		
-Non related party	2,248.72	2,132.35
-Related Party	-	-
Total revenue from contracts with the customers	2,248.72	2,132.35
Timing of revenue recognition		
-Goods transferred over a period of time	-	-
-Goods transferred over a point of time	2,248.72	2,132.35
Total revenue from contracts with the customers	2,248.72	2,132.35

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****28. Commitments and Contingencies**

	2022-2023	2021-2022
Contingent Liabilities		
Claims against the Group not acknowledged as debts #:		
i. Demand/ Show cause-cum-demand notices received and contested by the Company with the relevant appellate authorities		
a) Income tax disputed Commissioner of Income tax (Appeals-faceless)	13.33	13.33
b) Excise Matter disputed Central Excise, Customs and Sales Tax and Commissioner (Appeals) Daman & Surat.	0.40	0.40
c) Excise Matter disputed Central Excise, Customs and Sales Tax and Hon'ble CESTAT, Ahmedabad.	0.28	0.28
ii. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
iii. Others		
a) Bank Guarantees	20.14	58.88
b) Corporate Guarantees	41.11	37.90

The management does not expect these claims to succeed. Accordingly no provision for contingent liability has been recognized in the financial statements.

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

	31 March 2023 ₹ In Crore	31 March 2022 ₹ In Crore
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro and Small Enterprises Development Act, 2006.	-	-

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

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
30. Employee Benefits:
i) Defined Contribution Plan:

group's contribution to Provident Fund ₹ 0.34 Crore (Previous year ₹ 0.34 Crore).

The group also contributes to the following:

- Employee State Insurance Contribution Fund : ₹ 0.03 Crore (Previous year ₹ 0.03 Crore)

ii) Defined Benefit Plan:

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Group's financial statements:

	As at 31 March 2023	As at 31 March 2022
		₹ In Crore
(a) Change in the obligation benefits:		
Projected benefit obligation at the beginning of the year	2.35	2.12
Service Cost	0.22	0.23
Interest cost	0.14	0.12
Actuarial (Gains) / Losses on Obligations - Due to Change in Financial Assumptions	(0.09)	(0.06)
Actuarial (Gains) / Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains) / Losses on Obligations - Due to Experience	0.09	0.08
Past Service Cost	-	-
Benefits paid	(0.14)	(0.14)
Projected benefit obligation at the end of the year	2.57	2.35
(b) Change in the plan assets:		
Fair value of the plan assets at the beginning of the year	1.25	1.18
Expected return on plan assets	0.03	0.07
Employer's contribution	-	-
Benefits paid	-	-
Return on plan assets, excluding interest income	-	-
Fair value of the plan assets at the end of the year	1.28	1.25
Funded status [Surplus / (Deficit)]	(1.29)	(1.10)
(c) Net Gratuity and other cost:		
Service cost	0.22	0.23
Past service cost and loss/(gain) on curtailments	-	-
Interest on defined benefit obligation	0.07	0.05
Interest income	-	-
Net gratuity cost	0.29	0.28

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	₹ In Crore	
	As at 31 March 2023	As at 31 March 2022
(d) Amounts recognized in the statement of other comprehensive income:		
Actuarial gain/(loss)	-	0.03
Return on plan assets, excluding interest income	0.03	(0.01)
Net income / (expense) for the period recognized in other comprehensive income	-	-
	0.03	0.02
(e) Category of Assets:		
Policy of Insurance	100%	100%
	100%	100%
(f) Assumptions used in accounting for the Gratuity Plan:	%	%
Discount rate	7.40%	6.85%
Expected rate of return on plan assets	7.40%	6.85%
Age of Retirement	60	60
Annual increase in salary cost	6.00%	6.00%
(g) Sensitivity Analysis :		
Discount rate Sensitivity		
Increase by 0.5%	2.49	2.28
% Change	-2.97%	-3.13%
Decrease by 0.5%	2.65	2.43
% Change	3.18%	3.36%
Salary growth rate Sensitivity		
Increase by 0.5%	2.63	2.40
% Change	2.14%	2.25%
Decrease by 0.5%	2.52	2.30
% Change	-2.09%	-2.12%
Withdrawal rate Sensitivity		
Withdrawal rate X 110%	2.58	2.36
% Change	0.39%	0.30%
Withdrawal rate X 90%	2.56	2.34
% Change	-0.41%	-0.31%
(h) Projected plan cash flow :		
The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date		
Maturity Profile		
Expected benefits for year 1 to 3	1.19	1.11
Expected benefits for year 4 to 5	0.24	0.18
Expected benefits for year 6 and above	1.15	0.69

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****31. Segment Information****A. Factors used to identify the entity's reportable segments, including the basis of organization**

For management purposes, as the Group is in the business of manufacturing and trading of specialty petroleum products, the Group has considered petroleum products as the only business segment for disclosure in this context of Indian Accounting Standard 108.

The Managing Director (MD) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segment. The MD reviews revenue and gross profit as the performance indicator for the operating segment. However, the Group's finance (including finance cost and finance income) and income taxes are managed on a group as a whole basis and are not allocated to any segment.

Geographical segment of the organization

For the purpose of geographical segment the sales are divided into two segments - Domestic and Overseas. The accounting policies of the segments are the same as those described in Note 2(O).

B. Information about reportable segment

The following table shows the distribution of the Group's reportable segment by geographical market, regardless of where the goods were produced:

Particulars	2022-2023			2021-2022		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Revenue						
Sales to external customers	1,100.00	1,148.72	2,248.72	924.71	1,207.65	2,132.35
Other segment information						
Non-current Assets *	262.39	-	262.39	236.30	-	236.30

₹ in Crore

* Non-current assets excludes Other investments, Other financials assets, Income tax assets (Net) and Deferred tax assets (Net).

Significant Customer

No Customer individually accounted for more than 10% of the revenue in the year ended 31 March 2023 and 31 March 2022.

32. Details of related party transactions in accordance with Ind AS 24 'Related Party Disclosures'**(a) Names of related parties with whom transactions have taken place during the year****Key Management Personnel**

Amirali E Rayani
Amin A Rayani
Samir Rayani
Hussein Rayani
Pramod Maheshwari
Gayatri Sharma

Designation

Executive Chairman
Managing Director & CEO
Executive Whole-Time Director
Joint Managing Director
Chief Financial Officer
Company Secretary & Compliance Officer

Independent Director

Madan Mohan Jain
Mukesh Mehta

Independent Director
Independent Director

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Nargis Mirza Kabani Independent Director
Kumar Raju Nandimandalam Independent Director

Relatives of key management personnel

Akbarali Rayani
Vazirali Rayani
Salimali Rayani
Arif Rayani
Nilima Kheraj
Munira Rayani

Relation

Brother of Mr. Amirali E Rayani
Brother of Mr. Amirali E Rayani
Brother of Mr. Amirali E Rayani
Brother of Mr. Amin Rayani
Sister of Mr. Samir Rayani
Wife of Mr. Hussein Rayani

(b) Transactions with Related Parties

Transaction with Key Managerial Personnel and relatives of Key Managerial Personnel

Transaction with Key Managerial Personnel and relatives of Key Managerial Personnel	2022-2023	2021-2022
	₹ In Crore	₹ In Crore
Key Managerial remuneration *		
Short term benefits	12.26	12.18
Director sitting fees	0.09	0.07
Payment of Rent		
Amin A Rayani	-	0.06
Samir Rayani	-	0.07
Remuneration paid to Relative of Key Managerial Personnel		
Short term benefits		
Akbarali Rayani	0.05	0.05
Vazirali Rayani	0.05	0.05
Salimali Rayani	0.05	0.05
Arif Rayani	0.12	0.12
Nilima Kheraj	0.05	0.05
Munira Rayani	0.05	0.05
Payment of Rent		
Arif Rayani	-	0.04
Purchase of Property		
Arif Rayani	-	3.99

* Key managerial remuneration related to retirement benefits (i.e. Gratuity) are recognized under Employee benefit expenses in Statement of Profit and Loss along with other employees gratuity costs of the Group based on the actuarial valuation carried out by the Independent Actuary.

33. Earnings per share (EPS)

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

Profit after tax attributable to equity shareholders	232.97	230.34
Net profit for calculation of basic and diluted EPS	232.97	230.34
	No. of shares	No. of shares
Weighted average number of equity shares in calculating basic EPS	60,493,598	60,493,598
Basic Earnings per share	38.51	38.08
Diluted Earnings per share	38.51	38.08

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
34. Tax expense

	Year ended 31.03.2023	Year ended 31.03.2022
	₹ In Crore	₹ In Crore
(a) Amounts recognized in the statement of profit and loss		
Current tax expense		
Current year	60.00	57.20
Changes in estimates relating to prior years	(0.12)	0.20
	59.88	57.40
Deferred tax expense		
Origination and reversal of temporary differences	1.70	(1.48)
Change in tax rate	-	-
	1.70	(1.48)
Tax expense recognized in the statement of profit and loss	61.58	55.92

(b) Amounts recognized in other comprehensive income

	2022-2023			2021-2022		
	Before Tax	Tax (expense)/ benefit	Net of Tax	Before Tax	Tax (expense)/ benefit	Net of Tax
Items that will not be reclassified to profit or loss:						
a) Re-measurements of the defined benefit plans	(0.04)	0.01	(0.03)	(0.01)	-	(0.01)
b) Equity instruments through Other Comprehensive Income	(1.84)	0.46	(1.38)	(0.01)	0.01	-
Total	(1.88)	0.47	(1.41)	(0.02)	0.01	(0.01)

(c) Reconciliation of effective tax rate

	Year ended 31.03.2023	Year ended 31.03.2022
	₹ in Crore	₹ in Crore
Profit before tax*	242.15	227.32
Statutory income tax rate	25.168	25.168
Tax using the Group's domestic tax rate	60.94	57.21
Increase due to change in tax rate	-	-
Tax effect of:		
Non-deductible tax expenses / disallowances under Income Tax Act	0.71	0.42
Tax-exempt income and deductions under Chapter VI A of Income Tax Act	-	-
Temporary difference recognized in deferred taxes	(1.46)	(0.73)
Tax payable at special rates	-	-
Others	(0.21)	0.27
Amounts recognized in other comprehensive income	0.02	0.03
	60.00	57.20

* Profit before tax consider for Holding Company for reconciliation of effective tax, subsidiary Company situated at Tax haven at UAE

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(d) Movement in deferred tax balances

₹ in Crore

Particulars	Net balance 1.4.2022	Recognized in profit or loss	Recognized in OCI	Net balance 31.3.2023	Deferred tax asset	Deferred tax liability
Movement in Liability						
Property, plant and equipment and intangible assets	8.62	1.63	-	10.25	-	10.25
Deffer tax on ROU	0.06	0.04	-	0.10	-	0.10
Total (A)	8.68	1.67	-	10.35	-	10.35
Movement in Asset						
Employee Retirement Benefits	0.28	0.03	0.01	0.32	0.32	-
Investment	0.01	-	0.46	0.47	0.47	-
Provision for doubtful debts and advances	0.05	-	-	0.05	0.05	-
Provision for ECL	0.23	(0.09)	-	0.14	0.14	-
Prepaid expenses	0.01	(0.01)	-	-	-	-
Defer tax on lease	0.07	0.04	-	0.11	0.11	-
Total (B)	0.65	-0.03	0.47	1.09	1.09	-
Tax assets / (liabilities) (A-B)	8.03	1.70	-0.47	9.26	1.09	10.35

Particulars	Net balance 1.4.2021	Recognized in profit or loss	Recognized in OCI	Net balance 31.3.2022	Deferred tax asset	Deferred tax liability
Movement in Liability						
Property, plant and equipment and intangible assets	9.91	(1.29)	-	8.62	-	8.62
Deferred tax on ROU	0.11	(0.05)	-	0.06	-	0.06
Total (A)	10.02	-1.34	-	8.68	-	8.68
Movement in Asset						
Employee Retirement Benefits	0.25	0.02	0.01	0.28	0.28	-
Investment	0.01	-	-	0.01	0.01	-
Provision for doubtful debts and advances	0.05	-	-	0.05	0.05	-
Provision for ECL	0.06	0.17	-	0.23	0.23	-
Prepaid expenses	0.01	-	-	0.01	0.01	-
Deferred tax on lease	0.12	(0.05)	-	0.07	0.07	-
Total (B)	0.50	0.14	-	0.65	0.65	-
Tax assets / (liabilities) (A-B)	9.52	-1.48	0	8.03	0.65	8.68

35. Financial Instruments : Accounting classifications and fair value measurements
(i) Accounting classifications

The fair values of the financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The carrying amounts of trade receivables, cash and cash equivalents, bank balances, short term deposits, trade payables, payables for acquisition of property, plant and equipment, short term loans from banks, financial institutions

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

(ii) Fair value measurements

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents carrying value and fair value of financial instruments by categories and also fair value hierarchy of assets and liabilities measured at fair value :

As at 31st March, 2023

	Classification				₹ in Crore
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	Fair Value
Financial assets					
<u>Investments</u>					
Investment in equity shares (unquoted)	0.01	0.01	-	-	0.01
Investment in equity shares (quoted)	4.44	-	4.44	-	4.44
Others non current financial assets	0.39	-	-	0.39	0.39
Trade receivables	348.93	-	-	348.93	348.93
<u>Loans and advances</u>					
Loans to employees	0.92	-	-	0.92	0.92
Others	-	-	-	-	-
<u>Other financial assets</u>					
Derivative instruments	-	-	-	-	-
Others	11.35	-	-	11.35	11.35
Cash and cash equivalents	96.53	-	-	96.53	96.53
Bank balances	125.23	-	-	125.23	125.23
	587.80	0.01	4.44	583.35	587.80
Financial liabilities					
Lease liabilities	0.44	-	-	0.44	0.44
<u>Borrowings</u>					
Short term loans from banks	-	-	-	-	-
Trade payables and acceptances	260.70	-	-	260.70	260.70
Other financial liabilities	1.86	-	-	1.86	1.86
	263.00	-	-	263.00	263.00

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
As at 31st March, 2022

	Classification				₹ in Crore
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	Fair Value
Financial assets					
<u>Investments</u>					
Investment in equity shares (unquoted)	0.01	0.01	-	-	0.01
Investment in equity shares (quoted)	4.91	-	4.91	-	4.91
Others non current financial assets	0.37	-	-	0.37	0.37
Trade receivables	317.49	-	-	317.49	317.49
<u>Loans and advances</u>					
Loans to employees	0.81	-	-	0.81	0.81
Others	-	-	-	-	-
<u>Other financial assets</u>					
Derivative instruments	0.79	0.79	-	-	0.79
Others	7.12	-	-	7.12	7.12
Cash and cash equivalents	61.88	-	-	61.88	61.88
Bank balances	77.43	-	-	77.43	77.43
	470.81	0.80	4.91	465.10	470.81
Financial liabilities					
Lease liabilities	0.26	-	-	0.26	0.26
<u>Borrowings</u>					
Short term loans from banks	29.81	-	-	29.81	29.81
Trade payables and acceptances	427.59	-	-	427.59	427.59
Other financial liabilities	2.62	-	-	2.62	2.62
	460.28	-	-	460.28	460.28

	As at 31 st March, 2023			As at 31 st March, 2022		
	Fair Value			Fair Value		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
<u>Investments</u>						
Investment in equity shares (unquoted)	-	-	0.01	-	-	0.01
Investment in equity shares (quoted)	4.44	-	-	4.91	-	-
Others non current financial assets	-	-	-	-	-	-
<u>Loans and advances</u>						
Loans to employees	-	-	0.92	-	-	0.81
Other financial assets	-	-	2.21	-	-	2.15
Derivative instruments	-	-	-	-	0.79	-
	4.44	-	3.14	4.91	0.79	2.97
Financial liabilities						
Security deposit	-	-	0.83	-	-	1.5
	-	-	0.83	-	-	1.50

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
(iii) Description of significant observable inputs to valuation:

The following table shows the valuation techniques used to determine fair value :

Type	Valuation technique
Investments in equity shares (unquoted)	Book value *
Investments in equity shares (quoted)	Fair Value
Loan to employees	Based on prevailing market interest rate
Derivative instruments	Fair valued based on prevailing market rate at each closing date
Short term loans from banks	Based on quotes from banks and financial institutions

* Based on unobservable inputs which generally approximates to the carrying value of the investments unless significantly impaired. Fair value has been considered Nil for significantly impaired investments. Sensitivity change in the unobservable input does not have a significant impact in its value and accordingly, sensitivity disclosure is not given.

36. Financial risk management
Risk management framework

The Group has identified financial risks and categorized them in three parts viz. (i) Credit Risk, (ii) Liquidity Risk and (iii) Market Risk. Details regarding sources of risk in each such category and how Group manages the risk is explained in following notes:

(i) Credit risk

Credit risk refers to the possibility of a customer and other counterparties not meeting their obligations and terms and conditions which would result into financial losses. Such risk arises mainly from trade receivables and investments. Credit risk is managed through internal credit control mechanism such as credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

Trade receivables

As per the credit policy of the Group, generally no credit are given exceeding the accepted credit norms. The Group deals with large corporate houses and State Electricity Boards after considering their credit standing. The credit policy with respect to other customers is strictly monitored by the Group at periodic intervals. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers. In addition, for amounts recoverable on exports, the Group has adequate insurance to mitigate overseas customer and country risk.

The Group uses an allowance matrix to measure the expected credit losses of trade receivables (which are considered good). The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Ageing	As at 31 st March, 2023			₹ in Crore
	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
0-180 days past due	2.66	5.31%	0.14	2.52
180-365 days past due	-	10.78%	-	-
More than 365 days past due	2.53	16.71%	0.42	2.11
Credit impaired	0.14	100.00%	0.14	-
	5.33	13.21%	0.70	4.63

Ageing	As at 31 st March, 2022			₹ in Crore
	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
0-180 days past due	6.42	7.81%	0.50	5.92
180-365 days past due	0.58	15.84%	0.09	0.49
More than 365 days past due	2.78	24.55%	0.68	2.10
Credit impaired	0.14	100.00%	0.14	-
	9.92	14.22%	1.41	8.51

Note:- Impairment under expected credit loss includes ₹ 0.14 Crore for doubtful debts P.Y. ₹ 0.14 Crore

Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 96.53 Crore at 31.3.2023 (31.3.2022: ₹ 61.88 Crore). The cash and cash equivalents are held with banks with good credit ratings. Also, the Group invests its surplus funds in bank fixed deposits, which carry no / low mark to market risks for short duration and therefore, does not expose the Group to credit risk.

Investments

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Derivatives

The forward contracts were entered into with banks having an investment grade rating and exposure to counterparties is closely monitored and kept within the approved limits.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations on due date. The Group has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. This is ensured through proper financial planning with detailed annual business plans, discussed at appropriate levels within the organization. Annual business plans are divided into quarterly plans and put up to management for detailed discussion and an analysis of the nature and quality of the assumptions, parameters etc. Daily and monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilize cash in an effective manner. Cash management services are availed to avoid any loss of interest on collections. In addition, the Group has adequate borrowing limits with reputed banks in place duly approved.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
a) Financing arrangements

The Group has an adequate fund and non-fund based limits lines with various banks. The Group's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. The financing products include working capital loans, buyer's credit loan, supplier's credit loan etc.

b) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows within one year

	₹ in Crore	
	<u>As at 31.3.2023</u>	<u>As at 31.3.2022</u>
Short term loans from banks	-	29.81
Trade payables	260.70	427.59
Other financial liabilities (other than derivative liabilities)	1.83	2.62
Derivative liabilities	0.03	-
	<u>262.56</u>	<u>460.02</u>

(iii) Market Risk

The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price. Market risk further comprises of (a) Currency risk , (b) Interest rate risk and (c) Commodity risk.

a) Currency Risk

The Group is exposed to currency risk mainly on account of its import payables and export receivables in foreign currency. The major exposures of the Group are in U.S. dollars. The Group hedges its import foreign exchange exposure partly through exports and depending upon the market situations partly through forward foreign currency covers. The Group has a policy in place for hedging its foreign currency exposure. The Group does not use derivative financial instruments for trading or speculative purposes.

	31-Mar-23	31-Mar-23	31-Mar-22	31-Mar-22
	\$ In Crore	₹ in Crore	\$ In Crore	₹ in Crore
Financial assets				
Trade Receivables	1.54	126.71	0.79	60.03
Cash and cash equivalents	0.24	19.34	0.10	7.53
Other financial assets	0.02	1.89	0.16	12.28
Net exposure for assets - A	1.80	147.94	1.05	79.84
Financial liabilities				
Trade Payables	2.79	229.01	5.27	399.88
Other financial liabilities	0.05	3.71	0.06	4.86
Less: Foreign currency forward exchange contracts	0.96	79.11	1.32	100.44
Net exposure for liabilities - B	1.88	153.61	4.01	304.30
Net exposure (A-B)	(0.08)	(5.67)	(2.96)	(224.46)

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The following exchange rates have been applied at the end of the respective years

	31-03-23	31-03-22
USD Rate	82.22	75.81

Sensitivity analysis

The table below shows sensitivity of open forex exposure to USD / INR movement. We have considered 1% (+/-) change in USD / INR movement, increase indicates appreciation in USD / INR whereas decrease indicates depreciation in USD / INR. The indicative 1% movement is directional and does not reflect management forecast on currency movement.

Impact on profit or loss due to % increase / (decrease) in currency

Particulars	2022-2023		2021-2022	
	Increase	(Decrease)	Increase	(Decrease)
Movement (%)	1%	1%	1%	1%
USD	(0.97)	0.97	(2.25)	2.25

b) Interest rate risk

The Group is not exposed to significant interest rate risk during the respective reporting periods. Short term loans are taken on fixed interest rates.

Interest Rate Risk Exposure

The Exposure of the borrowing to interest rate changes at the end of the reporting period are included in the table below. As at the end of the reporting period the following weighted average interest rate on the borrowings.

Particulars	2022-2023			2021-2022		
	Weighted average Interest rate	Balance ₹ in Crore	% of Total Loans	Weighted average Interest rate	Balance ₹ in Crore	% of Total Loans
Cash Credits from banks	4.25	-	100	4.25	29.81	100

The percentage of total loans shows the proportion of loans that are currently at weighted average in relation to the total amount of borrowings. The percentage of borrowings of holding company is 0% and of subsidiary is 100%.

(ii) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rate. In interest rate risk note we have considered impact on profit after tax.

Particulars	2022-2023		2021-2022	
	Increase	(Decrease)	Increase	(Decrease)
Movement by 100 basis point	-	-	0.22	(0.22)

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**c) Commodity Risk****Raw Material Risk**

Timely availability and also non-availability of good quality base oils from across the globe could negate the qualitative and quantitative production of the various products of the Group. Volatility in prices of crude oil and base oil is another major risk for this segment. The Group procures base oils from various suppliers scattered in different parts of the world. The Group tries to enter into long term supply contracts with regular suppliers and at times buys the base oils on spot basis.

37. Benami Transactions

The Company does not hold any Benami Property as defined under Benami Transactions (Prohibition) Act (45) of 1988 and rules made thereunder.

38. Transactions with struck off Companies

The Company does not have any transactions with companies struck off under section 248 of Companies Act 2013 or Section 560 of Companies Act 1956, during the financial year ending 31 March 2023 and 31 March 2022.

39. Restriction on number of layers

The Company has complied with the number of layer prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on Number of Layers) Rules, 2017.

40. Undisclosed Income

The Company does not have any undisclosed income during the financial year ended 31 March 2023 and 31 March 2022.

41. Crypto/Virtual Currency

The Company does not traded or invested in Crypto Currency or Virtual Currency during the financial year ended 31 March 2023 and 31 March 2022.

42. Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and the Rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from the stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account the same once the rules are notified and become effective.

43. Utilization of borrowed funds and share premium

- (a) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

44. Rounding off amount

The amount of financial statements of the company have been reported in ₹ (in Crore) rounded off to 2 decimals. However, while doing so, some of the above reported amounts might appear as 00 due to rounding off of amounts.

45. Previous year figures

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

As per our report of even date attached

For JMR & Associates LLP

Chartered Accountants
Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner
Membership No : 114003

**For and on behalf of the board of directors of
Panama Petrochem Limited**

Amirali E. Rayani

Chairman
DIN:00002616

Amin A. Rayani

Managing Director & CEO
DIN:00002652

Pramod Maheshwari

CFO

Gayatri Sharma

Company Secretary & Compliance Officer

Place: Mumbai

Date : 30 May 2023

Place: Mumbai

Date : 30 May 2023



Panama
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