



PUBLIC ANNOUNCEMENT FOR BUY BACK OF EQUITY SHARES OF

PANAMA PETROCHEM LIMITED

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FOR THE ATTENTION OF THE EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF THE EQUITY SHARES OF PANAMA PETROCHEM LIMITED

This Public Announcement is made pursuant to the provisions of Regulation 15(d) read with Regulation 15(c) and other applicable Regulations of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as amended thereto ("Buyback Regulations") and contains the disclosures as specified in Schedule II to the Buyback Regulations.

OFFER FOR BUY BACK OF EQUITY SHARES FROM THE OPEN MARKET THROUGH STOCK EXCHANGE(S)

SCHEDULE II – PART A

1. THE BUYBACK

The Board of Directors of Panama Petrochem Limited ("Panama" or the "Company") at its meeting held on February 14, 2013 ("Board Meeting") unanimously approved the proposal for buyback ("Buyback") of fully paid up equity shares of the face value of ₹ 10/- each ("Equity Shares") of the Company from the existing shareholders of Equity Shares of the Company other than the promoters / persons who are in control of the Company from the open market using the electronic facility of the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") where the company's Equity Shares are listed (together "the Stock Exchanges"), in accordance with the provisions contained in the Article 5(g) of the Articles of Association of the Company, Section 77A, 77AA, and 77B and other applicable provisions of the Companies Act, 1956 ("Act") and the provisions contained in the Buyback Regulations subject to other applicable laws, approvals, if any, as may be necessary, from time to time from statutory / regulatory authorities including but not limited to Securities and Exchange Board of India ("SEBI"), Stock Exchange(s), Reserve Bank of India ("RBI") etc. as may be required and further subject to such conditions as may be prescribed by such authorities while granting such approvals which may be agreed to by the Board of Directors of the Company ("Board of Directors").

Authority for the Buyback Offer

Pursuant to (a) the provisions contained in the Article 5(g) of the Articles of Association of the Company, (b) Section 77A, 77AA, and 77B and other applicable provisions of the Act and (c) the provisions contained in the Buyback Regulations, this Buyback offer has been authorized by the Board of Directors of the Company at its meeting held on February 14, 2013.

1.1. Necessity for the Buyback

The Buyback is proposed on account of the Company's accumulated free reserves and satisfactory liquidity being more than what is needed for regular business operations. The Buyback is expected to

- reduce outstanding number of Equity Shares and consequently increase the Earnings Per Share, Return on Equity, Return on Capital Employed etc over a period of time;
- effectively utilize the surplus cash through tax efficient mechanism by returning money to equity shareholders; and
- make the Balance Sheet leaner and more efficient to improve the key return ratios like Return on Net Worth, Return on Assets, Return on Equity etc.
- Create long term value for continuing shareholders

1.2. The Board of Directors has approved a maximum limit of up to ₹ 17.87 Crore excluding brokerage costs, turnover charges, taxes such as securities transaction tax, service tax and relevant stamp duty (collectively referred to as "Transaction Costs") for the Buyback ("Maximum Buyback Size"). The maximum buyback limit of ₹17.87 Crore represents 7.97% of the aggregate of the Company's paid up equity share capital and free reserves as at March 31, 2012 (the date of the latest audited accounts as on the date of the Board Meeting). The Company has not announced any offer to buyback its equity shares in the past, till date, in terms of the provisions of the Act or the Buyback Regulations.

1.3. The Board of Directors has proposed Buyback of Equity Shares at a maximum price not exceeding ₹ 160 per Equity Share excluding Transaction Costs ("Maximum Buyback Price"). The Maximum Buyback Price has been arrived at after considering the stock market quotations, book value, return on net-worth and the possible impact of the Buyback on the earnings per share of the Company. The Maximum Buyback Price of Rs. 160 is at a premium of 16.6% and 15.6% over the closing price of equity shares on the BSE (i.e. ₹ 137.25) and NSE (i.e. ₹ 138.40) respectively on February 13, 2013 being the last trading day prior to the date of the Board Meeting.

1.4. At the Maximum Buyback Price of ₹ 160 per Equity Share and for the Maximum Buyback Size not exceeding ₹ 17.87 Crore, the maximum number of equity shares that can be bought back would be 11,16,890 Equity Shares ("Maximum Buyback Shares"), representing 12.96% of the pre-Buyback outstanding fully paid-up Equity Shares of the Company as on date of the Board Meeting.

1.5. The maximum Equity Shares that the Company can buyback as per Section 77A of the Act in a financial year shall not exceed 25% of the total paid-up equity capital of the Company and would further be subject to the conditions for continuous listing prescribed in terms of Clause 40A of the Listing Agreement between the Company and the Stock Exchanges for maintaining a minimum public shareholding in the Company. Accordingly, the Board of Directors have decided that the buyback of Equity Shares shall not exceed 11,16,890 equity shares so to ensure that (a) the buyback does not exceed 25% of the total paid up capital and (b) the shareholding of the promoter and promoter group does not exceed the level of the maximum permissible non-public shareholding in the Company for continuous listing.

1.6. The Buyback is proposed to be implemented by the Company through the methodology of "Open market purchases through Stock Exchanges", as provided in the Buyback Regulations. The Buyback will be implemented in the manner and following the procedure prescribed in the Act and the Buyback Regulations and as may be determined by the Board of Directors and on such terms and conditions, as may be permitted by law from time to time. The Equity Shares of the Company are listed on BSE and NSE. The Buyback will be made through BSE & NSE with electronic trading facility.

1.7. The aggregate shareholding of the promoters / promoter group / persons in control of the Company (collectively referred to as the "Promoters") was 37,83,825 equity shares constituting 43.90% of the paid-up equity share capital of the Company as on the date of the Board Meeting.

1.8. The promoters or the directors of the promoters, where the promoter is a company or persons who are in control of the Company have neither purchased nor sold any Equity Shares during the period of six months preceding the date of the Board meeting at which the buyback was approved i.e. February 14, 2013.

1.9. As per Regulation 15(b) of the Buyback Regulations, the Buyback shall not be made from the Promoters or persons in control of the Company.

1.10. The Promoters or persons in control of the Company shall not participate in the Buyback and shall not deal in the Equity Shares in the stock exchanges during the period when the Buyback offer is open.

1.11. There will be no negotiated deals, whether on or of the Stock Exchanges or through spot transactions or through any private arrangement in the course of implementation of the Buyback.

1.12. The Company confirms that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institution or bank.

1.13. The Board of Directors confirms that the Board has made a full enquiry into the affairs and prospects of the Company and they have formed the opinion, that:

- immediately following the date on which the meeting of the Board of Directors is convened, there will be no grounds on which the Company could be found unable to pay its debts;
- as regards its prospects for the year immediately following the date of the Board Meeting, having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in their view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board Meeting; and
- in forming their opinion for the above purposes, the Directors have taken into account the liabilities as of the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

1.14. The text of the report dated February 14, 2013 received from Bhuta Shah & Company, Chartered Accountants, the Statutory Auditors of the Company, addressed to the Board of Directors is reproduced below:

Quote

February 14, 2013

Board of Directors

Panama Petrochem Limited
401, Aza House, 24, Turner Road, Next to Andhra Bank, Bandra (W), Mumbai - 400 050, India

Dear Sirs

Sub: Proposed Buy Back of Equity Shares of Panama Petrochem Limited (the "Company")

In connection with the proposal of the Company to buyback its Equity Shares and in pursuance of the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and subsequent amendments thereto, we have examined the audited financial statements of the Company for the year ended March 31, 2012 and other relevant records maintained by the Company. On the basis of such verification and according to the information and explanation given to us, we report that:

- We have enquired into the state of affairs of the Company in relation to its audited accounts for the year ended March 31, 2012 which were taken on record by the Board of Directors in the meeting held on May 24, 2012;
- The amount of permissible capital payment towards the buyback of Equity Shares, as computed below, has been, in our view, properly determined in accordance with Section 77A(2) of the Companies Act, 1956:

Particulars	Amount (₹ in Cr)
Paid Up Equity Share Capital as on March 31, 2012	8.62
Free Reserves as on March 31, 2012	215.65
Total	224.27
Maximum Buyback Amount allowed (10% of the Total Paid up Equity Capital and Free Reserves)	22.42
Maximum Buyback Offer size i.e. 7.97% of the aggregate of the Company's paid up equity share capital and free reserves as at March 31, 2012	17.87

3. The Board of Directors in their meeting held on February 14, 2013 have formed the opinion as per Clause 1.13 above, as specified in clause (x) of Part A of Schedule II of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the meeting of the Board of Directors.

This report has been issued solely in connection with the proposed buyback of Equity Shares of the Company and may not be suitable for any other purpose.

Bhuta Shah & Company

Chartered Accountants

Firm Registration No. 101474W

Sd/-

CA. Mitesh Kothari

Partner

Membership No: 110822

Unquote

SCHEDULE II - PART B

2. The buy back is proposed out of the Company's accumulated free reserves. The Company proposes to buyback a minimum of 2,79,223 Equity Shares ("Minimum Buyback Shares") at a price not exceeding ₹ 160 per Equity Share, payable in cash, for an aggregate amount not exceeding ₹ 4.47 crore ("Minimum Buyback Size") from the Shareholders/Beneficial Owners of Equity Shares other than those who are promoters, promoter group and persons in control. The maximum number of Equity Shares that can be bought back at the Maximum Buyback Price and utilizing the full Maximum Buyback Size will be 11,16,890 Equity Shares representing approximately 12.96% of the paid up Equity Share Capital as on March 31, 2012.

2.1. The Company has substantial accumulated free reserves as detailed above i.e. ₹ 215.65 cr as on March 31, 2012. The Funds required for the Buyback (Maximum Buyback Offer size is ₹ 17.87 cr) will be drawn out of such free reserves viz cash and bank balances / internal accruals. The Company would use any or combination of these resources for the Buyback. Therefore, the cost of financing the Buyback would be only notional loss of income that the funds used for the Buyback would have earned had they been deployed in the ordinary course of the business of the Company. Though, the Company does not intend to raise any debt for carrying out the Buyback, yet it may borrow funds in the ordinary course of its business.

2.2. Proposed Timetable

Date of the Board Meeting approving the Buyback	February 14, 2013
Date of the Public Announcement	March 1, 2013
Date of Opening of the Buyback	March 20, 2013
Verification of acceptances of the Equity Shares	Within 15 days of the relevant payout dates of the Stock Exchanges
Extinguishment of the Equity Shares	Within 15 days of acceptance of the Equity Shares subject to all Equity Shares bought back being extinguished within 7 days from the last date of completion of the Buyback.
Last Date for the completion of the Buyback	February 13, 2014 (i.e. 12 months from the date of the Board Meeting) or when the Company completes the Buyback to the extent of ₹ 17.87 Crore or at such earlier date as may be determined by the Board of Directors in the event Minimum Buyback Shares have been bought back, even if the Maximum Buyback Size has not been reached, by giving appropriate public notice for such earlier date, if any.

3. Process and Methodology for the Buyback Programme

3.1. The Buyback is open to all equity shareholders/beneficial owners, both registered and unregistered, holding Equity Shares either in physical and/or electronic form except the Promoters and persons in control. Further, the Company shall not buyback the locked-in equity shares or non-transferable equity shares till the pendency of the lock-in or till the equity shares become transferable.

3.2. As per the Buyback Regulations, a company intending to purchase its Equity Shares from the open market shall do so on stock exchanges having nationwide trading terminals. Accordingly, the Company proposes to implement the Buyback from the open market through the Stock Exchanges having nationwide trading terminal i.e. through BSE and NSE. Therefore, the requirement of having collection and bidding centers is not applicable.

3.3. For the purpose of Buyback Offer, to enable the Equity Shareholders who hold Equity Shares in electronic segment and physical segment, to offer their Equity Shares, the Company has appointed the following broker ("Appointed Broker") through whom the purchases and settlement on account of the Buyback of Equity Shares would be made, both in electronic segment and physical segment :

SPA Securities Limited

SPA House, Nyaysagar Opp: Gurananak Hospital, Kalanagar, Off: B.K.C, Bandra (E), Mumbai - 400 051

Tel: +91 22 4289 5600 Fax: +91 22 2657 3708

3.4. The Buyback of Equity Shares will be made only through the order matching mechanism except "all or none" order matching system.

The Company may, from time to time, but not earlier than the Date of Opening of Buyback, place "buy" orders on the Stock Exchanges to buyback the Equity Shares through the Appointed Broker, in such quantity and at such prices, not exceeding the Maximum Buyback Price of ₹ 160 per Equity Share, as it may deem fit, depending upon the prevailing quotations of Equity Shares in the Stock Exchanges. Intimation about the Company's presence on the Stock Exchanges to buyback its Equity Shares will be made available to the Stock Exchanges. When the Company has placed an order for the Buyback of Equity Shares, the identity of the Company as a purchaser shall appear on the electronic screen and shall be available to the market participants of the Stock Exchanges.

3.5. Shareholders/beneficial owners, who desire to sell their Equity Shares under the Buyback, would have to do so through a stock broker, who is a member of the BSE / NSE by indicating to their broker, details of the Equity Shares they intend to sell whenever the Company has placed a "buy" order for the Buyback of Equity Shares. The trade would be executed at the price at which the order matches and that price would be the price for that seller. The execution of the order, issuance of contract note, delivery of stock to the member and receipt of payment from the member would be carried out in accordance with the requirements of the Stock Exchanges and the SEBI requirements. It may be noted that all Equity Shares bought back by the Company may not be at a uniform price. Orders for buying back the Equity Shares will be placed by the Company at least once a week, in such quantity and at such prices, as it may deem fit, depending upon the prevailing quotations of the Equity Shares on the Stock Exchange so long as the market price is lower than the Maximum Buyback Price. Such buyback orders shall be placed both in normal and physical segments. The Company shall intimate the Stock Exchanges as well as the public from time to time, through its releases in the newspapers regarding quantity of the Equity Shares purchased and amount utilized for the Buyback as prescribed by the Buyback Regulations.

3.6. The Equity Shares are traded in the compulsory demat mode under trading code 524820 at BSE & PANAMAPET at NSE. Shareholders holding the Equity Shares in physical form, can sell their Equity Shares in the odd lot trading segment of the Stock Exchange. The Company will place "buy" orders on both "normal" and "odd lot" segments.

3.7. Subject to the Company purchasing the Minimum Buyback Shares, nothing contained herein shall create any obligation on the part of the Company or the Board of Directors to buyback any Equity Shares (other than the Minimum Buyback Shares) or confer any right on the part of shareholder to offer any Equity Shares for the Buyback, even if the Maximum Buyback Size has not been reached, and / or impair any power of the Company or the Board of Directors to terminate any process in relation to the Buyback, if so permissible by applicable laws.

4. Method of Settlement

4.1. The Company will pay the consideration to the Appointed Broker on every settlement date as applicable to the relevant Stock Exchange in respect of the Equity Shares bought back.

4.2. The shareholders/beneficial owners holding the Equity Shares in the demat form would be required to transfer the number of the Equity Shares sold by them by submitting the delivery instruction slips to their respective depository participant ("DP") for debiting their beneficiary account maintained with the DP and crediting the same to the pool account of the broker through whom the trade was executed. The shareholders holding the Equity Shares in physical form may present the share certificates along with valid transfer deeds to their respective brokers through whom the trade was executed.

4.3. For the Buyback, the Company has opened a Depository Account with SPA Securities Ltd styled "PANAMA PETROCHEM LIMITED BUYBACK ACCOUNT" with Central Depository Services (I) Ltd having DP ID: 12058600 and Client ID: 00075835. The Equity Shares bought back in the demat form would be transferred into the aforesaid account by the Appointed Broker on receipt of the Equity Shares from the clearing and settlement mechanism of the Stock Exchanges. The ISIN of the Company is INE305C01011. These Equity Shares i.e. the Equity Shares that would be lying in the above mentioned depository account shall be periodically extinguished within the stipulated time frame in the manner specified in Securities and Exchange Board of India (Depository and Participants) Regulations, 1996 and its bye-laws and the Buyback Regulations.

4.4. Equity Shares bought back in the physical form would be extinguished and the share certificates physically destroyed within 15 days or such other permissible period from the date of acceptance in the manner specified in the Buyback Regulations. The details of the Equity Shares extinguished and destroyed would be notified to the SEBI and the Stock Exchanges as per the provisions of the Buyback Regulations.

5. Brief Information of the Company

Panama was incorporated as a private limited company on March 9, 1982 and it was converted into a public limited company on December 6, 1993.

Panama is engaged in manufacturing specialty petroleum products for diverse end user industries like power generation, printing, textiles, rubber, pharmaceuticals, cosmetics, lubricants and other industrial oils. These products are manufactured in its state-of-the-art manufacturing facilities located at Ankleshwar, Daman, Taloja and Dahej Plant (SEZ). All these plants are ISO 9001 certified.

The Company also has a subsidiary namely Panol Industries RMC FZE situated in UAE.

6. Brief Financials of the Company

The brief audited financial information of the Company for the last three financial years ending March 31, 2010, 2011 & 2012 and unaudited financials for the 9 months period ended December 31, 2012 is detailed below:

Particulars	9 Months period ended Dec 31, 2012 (Unaudited)	F.Y. 2011-12 (Audited)	F.Y. 2010-11 (Audited)	F.Y. 2009-10 (Audited)
Income from Operations	493.06	583.64	464.07	320.24
Other Income	1.67	3.24	4.29	6.33
Total Income	494.72	586.88	468.36	326.57
Expenditure	476.76	538.59	410.41	288.01
Interest Expense	6.17	7.90	5.34	4.90
Depreciation	1.62	1.96	2.34	1.33
Profit/(Loss) before tax	10.17	38.43	50.28	32.33
Tax	0.82	8.69	13.47	8.41
Net Profit after Tax	9.35	30.63	36.81	23.92
Equity Share Capital	8.62	8.62	5.84	5.84
Reserves & Surplus	233.62	215.65	132.42	95.13
Network (Equity Share Capital Plus Free Reserves and Surplus excluding Revaluation Reserve)	242.24	224.27	138.58	100.99
Total Debt	2.69	10.49	7.93	17.23

Key Ratios

Particulars	9 Months period ended Dec 31, 2012 (Unaudited)	As on March 31, 2012 (Audited)	As on March 31, 2011 (Audited)	As on March 31, 2010 (Audited)
Earnings Per Share (₹)	10.84	38.87	63.02	40.96
Book Value Per Share (₹)	281.02	260.17	237.28	172.92
Return on Network (%)	4	14	27	24
Debt-Equity Ratio	0.01	0.05	0.06	0.17

The Key Ratios have been computed as follows:

Earnings Per Share (₹)	Profit after Tax / Number of Equity Shares
Book Value per Share (₹)	Network / Number of Equity Shares
Return on Network (%)	Profit After Tax / Network *100
Debt Equity Ratio	Total Debt / Network

7. Escrow Account : Not Applicable

8. Listing Details and Stock Market Data

8.1. The Company's Equity Shares are listed on BSE and NSE.

8.2. The high, low and average market prices during the preceding three years and the monthly high, low and average market prices for the six months preceding the date of this public announcement and the corresponding volumes on the Stock Exchanges, where the Equity Shares are listed and traded, are as follows:

BSE

Period	High (₹)	Date of High	No. of Equity Shares traded on that Day	Low (₹)	Date of Low	No. of Equity Shares traded on that Day	Average Price (₹)*	Total Volume traded in that period
Preceding 3 Years								
CY 2012	249.1	17-Jan-12	4,200	128.0	18-Dec-12	2,100	168.4	413,900
CY 2011	279.7	13-Jul-11	33,100	187.0	9-Feb-11	5,500	231.2	1,114,000
CY 2010	309.2	11-Nov-10	22,400	142.7	5-Feb-10	9,300	215.7	5,048,200
Preceding 6 Months								
Jan-13	149.0	21-Jan-13	22,422	130.5	15-Jan-13	424	136.9	46,255
Dec-12	137.5	20-Dec-12	1,317	128.0	17-Dec-12	7,236	133.5	30,827
Nov-12	144.1	8-Nov-12	2,057	133.0	23-Nov-12	1,601	138.8	21,927
Oct-12	155.7	15-Oct-12	748	141.6	31-Oct-12	3,480	149.7	17,820
Sep-12	146.5	25-Sep-12	473	133.1	5-Sep-12	2,699	139.0	38,510
Aug-12	151.4	7-Aug-12	1,132	140.3	27-Aug-12	1,638	145.2	57,083

(Source: www.bseindia.com)

* Arithmetic average of closing prices of all trading days during the said period.

C.Y.: Calendar Year

Period	High (₹)	Date of High	No. of Equity Shares traded on that Day	Low (₹)	Date of Low	No. of Equity Shares traded on that Day	Average Price (₹)*	Total Volume traded in that period
Preceding 3 Years								
CY 2012	245.0	17-Jan-12	900	127.3	17-Dec-12	1,309	168.3	227,119
CY 2011	250.0	29-Nov-11	53,893	202.6	22-Nov-11	3,447	225.0	220,281
Preceding 6 Months								
Jan-13	151.20	22-Jan-13	18,179	130.5	17-Jan-13	439	137.9	15,558
Dec-12	138.00	20-Dec-12	706	127.3	17-Dec-12	1,309	133.1	16,050
Nov-12	147.90	8-Nov-12	120	132.1	30-Nov-12	814	138.2	5,733
Oct-12	157.45	15-Oct-12	268	141.2	31-Oct-12	1,015	150.2	17,838
Sep-12	146.10	26-Sep-12	1,059	132.0	5-Sep-12	2,457	138.5	38,159
Aug-12	150.30	8-Aug-12	230	140.1	27-Aug-12	1,469	144.3	38,858

(Source: www.nseindia.com)

* Arithmetic average of closing prices of all trading days during the said period.

The Equity Shares of the Company were listed on NSE on September 30, 2011

Note: Above mentioned high & low prices are based on closing prices of all Trading days during the said period.

C.Y.: Calendar Year

The closing market price of the Equity Shares of the Company on February 15, 2013 i.e. the working day immediately after the date of the resolution of the Board of Directors approving the Buyback was ₹ 132.00 per Equity Share on the BSE and ₹ 131.35 per Equity Share on NSE.

Period marked by change in Capital Structure: The Company has issued 3,21,750 Equity Shares on May 30, 2011 pursuant to the scheme of amalgamation of erstwhile Monaco Petroleum Private Limited with the Company. Further, the Company has issued 24,57,345 underlying Equity Shares towards the issue of GDR(s) on July 20, 2011. GDRs are listed on Luxembourg Stock Exchange

9. Present Equity Capital Structure and Shareholding Pattern

The share capital of the Company as on date of this Public Announcement is as under:

Particulars	Amount (₹)
Authorized Capital	
2,55,50,000 Equity Shares of ₹ 10 each	25,55,00,000
Issued, Subscribed and Paid-up	
86,19,335 Equity Shares of ₹ 10 each	8,61,93,350