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CIN No. L23209GJI982PLC005062

October 12, 2026

BSE Limited

Pjiroze 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: Intimation of credit rating on the Bank Facilities

Dear Sir/ Madam,

Pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (the "Regulations"), this is to inform you that CARE Ratings Limited has **revised the Outlook from Stable to Positive** for Long-Term Bank Facilities while reaffirming the ratings, as under:

Facilities	Rating	Rating Action
Long-Term Bank Facilities	CARE A+; Positive	Reaffirmed; Outlook revised from 'Stable' to Positive'
Short-Term Bank Facilities	CARE A1+	Reaffirmed

Press Release dated October 12, 2026, issued by the credit rating agency is enclosed herewith.

This is for your information and records

Thanking You,

Yours faithfully,

For **PANAMA PETROCHEM LIMITED**

SAMIR
AKBARALI
RAYANI
Digitally signed
by SAMIR
AKBARALI RAYANI
Date: 2026.10.12
21:37:39 +05'30'

Samir Rayani
Managing Director & CEO
DIN:00002674

Panama Petrochem Limited

October 12, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term bank facilities	RBI	64.00	CARE A+; Positive	Reaffirmed; Outlook revised from Stable
Short-term bank facilities	RBI	585.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Panama Petrochem Limited (PPL) continues to derive strengths from its established track record in the petroleum speciality oils business considering four decades of promoters' experience in the industry and ability to manufacture numerous variants, which cater to diversified industries.

Revision in outlook from 'Stable' to 'Positive' factors in operationalisation of new capacities, which is expected to support its growth in scale of operations in the medium term with improvement in profitability and cash accruals levels. It also factors in the multi-fold growth in total operating income (TOI) in Q1FY27 (Q1 refers to April 01 to June 30) over Q1FY26 given the significant increase in product prices led by uptick in raw material prices, base oil, which is a crude oil derivative. This growth was also backed by increased sales volumes due to surge in demand from end-user industries in anticipation of higher prices and to safeguard the material availability considering scarcity of petroleum products in the market due to global geopolitical headwinds. Hence, sustainability in overall scale of operations in the medium term backed by timely commencement of the additional capacities achieving volume driven revenue growth remains a key credit monitorable.

Ratings continue to derive strength from the sustained increase in scale of operations for five years ended FY26 (FY refers to April 01 to March 31), geographically diversified revenue, above-average profit margins within its industry sectors, healthy capital structure, debt coverage indicators and strong liquidity position.

These rating strengths are partially tempered by vulnerability in profit margins due to sensitive base oil prices linked to volatile crude, and foreign exchange fluctuations, competitive industry due to low entry barriers and limited product differentiation in the base oil processing industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustenance of volume driven increase in the TOI with increase in gross cash accruals (GCA) level above ₹250 crore on a sustained basis.
- Maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 10% on a sustained basis.
- Maintaining healthy financial risk profile and liquidity position.

Negative factors

- Deterioration in the PBILDT margin below 8% on a sustained basis.
- Large-sized debt-funded capex or acquisition impacting the capital structure
- Elongation of operating cycle above 100 days leading to deterioration of liquidity position.
- Net debt/PBILDT increases over 1.00x on a sustained basis.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered consolidated business and financial profile of PPL and its whole-owned subsidiary Panol Industries, RMC FZE (PIRF) as both entities are involved in the same business. PPL has control over the subsidiary's management and operations with strong financial synergies among them. Entity consolidated are listed under Annexure-5.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Outlook: Positive

The revision in outlook from 'Stable' to 'Positive' reflects CareEdge Ratings expectation of sustained volume backed increase in scale of operations and profitability levels with timely operationalization of additional capacities. The outlook may be revised to 'Stable' in case of lower-than-envisaged profitability or decline in sales volumes than envisaged levels.

Detailed description of key rating drivers:
Key strengths
Established track record with experienced management in base oil processing industry

PPL is an established player in the petroleum speciality oils processing business with over four decades of existence in the industry. The group manufactures over 80 variants of oil, which provide its applications across multiple industries such as printing ink, resin, cosmetics, rubber products, pharmaceuticals, engineering, textiles, machinery manufacturing, chemical and petrochemical industries among others. The diversified industry applications mitigate industry specific risks in case of downturn. The company benefits from experienced promoters, who are supported by qualified professionals across their respective functions. The company's promoters are part of Rayani family with Arif A Rayani being the Chairman and Samir A Rayani being Managing Director. Board of directors consists of eight members including four independent directors. Overseas operations are managed by Iqbal Rayani, who is a part of promoter family and looks after day-to-day function of its subsidiary company.

Reputed and diversified customer base and wide geographical presence

The group's customer base remained reputed marked by leading companies across industries. Major industries catered by the group include cosmetics, pharmaceuticals, automotive lubricants, petroleum jellies, and transformer oils among others. This remained diversified marked by top 10 customers on a consolidated basis accounted for 43.72% of the TOI in FY26 (FY25: 45.46%). In the last decade, it consistently met customer requirements by delivering customised end-products to their specifications. The lengthy approval process, which can take up to a year for each product grade, serves as a significant barrier to entry for potential competitors, strengthening PPL's enduring relationships with its customers. The group exports to over 75 countries with exports contributing 50% of the TOI in FY26 against 56% of TOI in FY25 with the Middle East, Africa and South America being key export regions reflecting wide geographical reach.

Consistent increase in revenue for five years ended FY26 with significant growth in Q1FY27

In the last five years, the company's consolidated revenue has consistently grown with TOI stood in the range of ₹2,132.35 crore in FY22 to ₹3,064.26 crore in FY26. In FY26, revenue increased to ₹3,064.26 from ₹2,792.89 crore in FY25, registering 9.72% y-o-y growth considering increased sale to existing and new customers via continuous capacity expansions undertaken in the past in PPL as well its subsidiary PFIR. Production capacities have increased to 3.10 lakh metric tonnes per annum (LMTA) from 2.55 LMTA in FY23 in a stage-wise manner. Capacity utilisation has been consistently at optimum levels in these periods, supporting increase in scale of operations.

In Q1FY27, the group achieved TOI of ₹1,735.15 crore, which has grown from ₹693.22 crore in Q1FY26, reflecting multi-fold growth of 150.30% considering uptick in products prices led by sharp increase in commodity/raw-material prices following escalation in the Middle East led by geopolitical headwinds. Escalation of the Middle East situation resulted in a substantial increase in crude oil prices, where raw-material prices rose by ~50-60% being a crude oil derivative. Quantity sold also increased significantly by ~73% on y-o-y basis led by strong demand from end-user industries in anticipation of higher prices and scarcity for products in the market.

The group's tangible net worth (TNW) also remained healthy at ₹ 1,468.68 crore as on March 31, 2026, against ₹1,255.01 crore as on March 31, 2025, considering healthy accretion of the profits to reserve. CareEdge Ratings expects its consolidated revenue continue to increase in near-to-medium terms considering consistent demand from end-user industries and expected commencement of additional capacities in India and the UAE operations.

Above-average profit margins within its industry sectors despite moderation in the past

PPL's profitability on a consolidated basis continues to be above average compared to the industry peers considering its R&D and customer specific customisation capabilities. The PBILDT margin remained stable and grew marginally from 8.83% in FY25 to 8.99% in FY26 in light of improvement in scale of operations and proportionate savings in material cost and other expenses. Profit after taxation (PAT) margin also improved marginally in line with improvement in PBILDT margin with lower finance cost incurred in the year. Return on capital employed remained healthy at 20.23% in FY26 (PY: 20.34% in FY25).

In Q1FY27, the group reported PBILDT and PAT margins of 22.35% and 17.80% respectively (PY: 7.91% and 6.15% respectively). Significant expansion in margins was primarily driven by a substantial increase in product prices following a 50%-60% rise in key raw material (base oil) prices amid geopolitical disruptions. Profitability in the quarter was supported by inventory gains arising from sudden escalation in raw material prices. However, elevated profitability reported in Q1FY27 remains exceptional and one-off in nature and is unlikely to be sustained on a quarterly basis. Accordingly, while the company expects profitability to remain elevated in FY27 owing to the strong Q1FY27 performance, profitability margins are expected to normalise to ~8-10% over FY28 and FY29. This remains a key credit monitorable.

Healthy capital structure and coverage indicators

The group's capital structure continues to be strong considering sizeable TNW with lower dependence on external debt. Total debt primarily comprised of working capital borrowing no major debt repayment obligations. Owing to this, overall gearing stood comfortable at 0.16x as on March 31, 2026 (against 0.15x as on March 31, 2025). Total outside liabilities (TOL) / TNW also remained comfortable however moderated marginally to 0.38x as on March 31, 2026 (PYE:0.26x) owing to higher creditors and other liabilities. Debt coverage indicators marked by total debt to PBILDT also stood comfortable at 0.87x in FY26 against 0.78x in FY25. Interest coverage stood healthy at 23.04x in FY26 (FY25: 13.58x in FY25) owing to improved operating profitability and lower interest expense. With the group's increased working capital requirements to fund the significant raw material price increase, capital structure and debt coverage indicators expected to moderate but to remain comfortable in the near-to-medium term.

Key weaknesses

Profitability vulnerable to factors like sensitive base oil prices and forex fluctuations

PPL's profitability remains susceptible to fluctuations in base oil prices, which constitute 85-90% of its total input costs and are derived from crude oil. However, the company mitigates volatile raw material price risk by passing on significant cost increases to its customers. PPL has provisions of adjusting the fluctuations in the raw material prices monthly/quarterly. Accordingly, profitability remains exposed to price fluctuation risk.

The group does high imports of 83% of the total purchases in FY26 mainly from Middle East and East Asia. It also does over 50% exports to countries, partially providing natural hedge. Thus, it exposed to foreign exchange fluctuation risk. About 35 to 40% of its forex exposure is naturally hedged, for ~30% of the forex exposure it avails forward contracts and the balance 30% remains unhedged. Accordingly, the group's profit margins remain susceptible to adverse or favourable movement in forex rate, which had been highly volatile in the past. In FY26, the group registered foreign exchange loss of ₹ 0.36 crore against foreign exchange loss of ₹5.22 crore in FY25.

Competitive nature of industry

Low entry barriers and limited product differentiation have led to intense competition in the base oil processing industry. Players mostly focus on volume, leading to competitive pricing. However, comfort is derived from the fact that PPL benefits from long association with its customers and has received technical approvals from its key customers for the supply of products. The said technical approvals act as an entry barrier and provide a competitive edge, as obtaining such approvals is time-consuming process.

Liquidity: Strong

PPL's liquidity is strong marked by steady cash accruals over the years, significant existing liquidity, no term debt obligation and minimal utilisation of fund-based working capital limits. In FY26, PPL reported GCA of ₹226.83 crore (PY: ₹200.37 crore) with free cash & bank balance and quoted equities of ₹81.45 crore and ₹34.85 crore respectively as on March 31, 2026 (PYE: cash and bank balance of ₹180.67 crore and quoted investments of ₹18.84 crore). The liquidity is further strengthened by no term obligation. Annual repayment obligation is only in form of finance lease payments, which are sufficiently covered by the expected annual cash accruals. PPL majorly funds its working capital requirement by internal accruals. Average utilisation of its fund-based limits remained low at 16.96% and average utilisation of non-fund-based facilities stood at 38.78% for 12 months ended August 2026.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environmental risk: PPL is exposed to climate change, GHG emissions, waste and water management risks, and evolving environmental regulations. The company has an ESG risk monitoring framework and is undertaking measures towards renewable energy adoption, emission reduction, Zero Liquid Discharge and efficient waste management. Per disclosures in the annual report of FY26, the company is in compliance with the current applicable environmental rules and regulations.

Social risk: The company's key social risk pertains to occupational health and safety, as workplace incidents could affect employee welfare and operational continuity. It mainly pertains to safe operations and remaining compliant to all environmental regulations to ensure the safety of employees and the community in the vicinity of its manufacturing units. PPL has an ISO 45001:2018-aligned occupational health and safety framework and reported nil Lost Time Injury Frequency Rate (LTIFR) and work-related injuries in FY26.

Governance risk: Governance risks primarily relate to regulatory compliance, business ethics, cybersecurity and data privacy. These risks are monitored through established policies and Board-level oversight, including the Risk Management Committee. The company has policies in place including code of conduct, related party transactions, and insider trading, among others.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Consolidation](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals and petrochemicals	Petrochemicals

PPL was incorporated in 1982 by Amirali E Rayani and is engaged in converting and manufacturing crude oil derivatives into over 80 specialty products across segments such as white oils, automotive lubricants, petroleum jellies, transformer oils, inks, resins, rubber and textile chemicals, pharmaceutical and cosmetic-grade oils, and specialty greases. PPL operates five manufacturing units in India in Ankleshwar (Gujarat), Daman (Union Territory), Taloja (Raigad, Maharashtra), Ambernath (Raigad, Maharashtra) and Dahej (Bharuch, Gujarat) and one overseas in Ras Al Khaimah, UAE. The overseas facility in the UAE is managed as a wholly owned subsidiary namely Panol Industries RMC FZE. The subsidiary contributes ~36% of the total revenue and caters majorly to markets in the Middle East and Africa.

Brief Financials (₹ crore) (Consolidated)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total operating income	2792.89	3064.26	1735.15
PBILDT*	246.63	275.55	387.88
Profit after tax (PAT)	187.03	212.50	308.91
Overall gearing (x)	0.15	0.16	NA
Interest coverage (x)	13.58	23.04	22.35

A: Audited; UA: Unaudited; NA: Not Available; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Brief Financials (₹ crore) (Standalone)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total operating income	1775.72	1962.17	1247.86
PBILDT*	168.44	197.41	292.28
Profit after tax (PAT)	116.59	143.28	217.52
Overall gearing (x)	0.17	0.21	NA
Interest coverage (x)	11.63	23.78	13.30

A: Audited; UA: Unaudited; NA: Not Available; Note: these are latest available financial results;

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	NA	-		-	-	64.00	CARE A+; Positive
Non-fund-based - ST-BG/LC	RBI	NA	-		-	-	585.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Non-fund-based - ST-BG/LC	ST	585.00	CARE A1+	-	1)CARE A1+ (22-Sep-25)	1)CARE A1+ (04-Jul-24)	1)CARE A1+ (05-Jul-23)
2	Fund-based - LT-Cash Credit	LT	64.00	CARE A+; Positive	-	1)CARE A+; Stable (22-Sep-25)	1)CARE A+; Stable (04-Jul-24)	1)CARE A+; Stable (05-Jul-23)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Panol Industries RMC FZE	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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