

June 2, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF PANAMA PETROCHEM LTD**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	20.00	<b>'CARE A+' (Single A Plus)</b>	Reaffirmed
Short-term Bank Facilities	252.50	<b>'PR1+' (PR One Plus)</b>	Reaffirmed
<b>Total Facilities</b>	<b>272.50</b>		

**Rating Rationale**

The ratings continue to derive strength from the diverse product portfolio of the company catering to a wide range of industries, experienced management and healthy credit risk profile indicated by low leverage, healthy profitability margins, liquidity and debt coverage indicators.

The ratings are however, constrained by relatively small size of operations as compared to the peer companies, volatility in base oil prices/ foreign exchange rates and a high level of competition.

The ability of the company to maintain its profit margins in the environment characterized by high volatility in raw material prices, volatility in the currency market remain the key rating sensitivities.

**Company Profile**

Panama Petrochem Limited (PPL) was incorporated in the year 1982 as a Private Limited Company at Ankleshwar by Rayani family. PPL is mainly engaged in manufacturing of ink oils, liquid paraffin oils/ white oils, petroleum jelly, paraffin wax, transformer oils, rubber process oil, antistatic coning oil, transformer oils, mining oil etc. The company manufactures more than 80 product variants used across 6-7 broad industry segments such as ink cosmetics, textiles rubber, auto etc. The manufacturing capacity of the company is spread over Ankleshwar, Daman, Taloja and Marol.

On a total income of Rs 353.27 crore, PPL earned a PAT of Rs.12.03 crore in FY09. For the nine months ended 31<sup>st</sup> December 2009, the company posted net sales of Rs.234.28 crore and PAT of Rs. 18.77 crore.

**Analyst Contact**

Name: Meenal Sikchi

Tel # 67543455

Mobile # 9819009839

Email: meenal.sikchi@careratings.com

***CARE classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.***

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com)

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar <b>Hyderabad - 500 029</b>  Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>