

Manali Petrochemicals Ltd — 04 Mar 2026 Credit Rating Summary

Below is the equity-focused credit analysis summary for Manali Petrochemicals Limited (MPL).

Credit Rating Analysis: Manali Petrochemicals Limited (MPL)

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	Reaffirmed: CARE A+ / CARE A1+ (0 notches moved)
Outlook (Current vs Prev)	Stable vs Stable
Key Drivers of Change	<ol style="list-style-type: none"> Asset Divestment: Sold UK subsidiary (Notedome) for ₹247 Cr in Nov 2025; drastically boosted cash reserves but removed a high-margin (22-25%) earnings stream. Capacity Expansion: Commissioned 50,000 MTPA PG line in Oct 2025 (total now 72,000 MTPA); expected to drive volume-led growth to counter pricing pressure. Operational Rebound: 9MFY26 EBITDA margins recovered to 10.86% (vs. 5.59% in 9MFY25) due to better capacity utilization and cost optimization. Strong Solvency: Overall gearing remains superior at 0.13x with a net-debt negative status.
Rated Instruments	<ul style="list-style-type: none"> • LT Term Loan: ₹50 Cr (A+; Stable) • LT Cash Credit: ₹25 Cr (A+; Stable) • LT/ST WC Demand Loan: ₹25 Cr (A+; Stable / A1+) • ST Letter of Credit: ₹25 Cr (A1+)
Key Observations	<p>Strengths:</p> <ul style="list-style-type: none"> • Sole domestic producer of Propylene Glycol (PG) in India; caters to 20% of demand. • Highly liquid: Free cash/bank balance of ₹363.98 Cr as of Sept 2025. • Low customer concentration: Top 10 clients contribute <51% of income. • Integrated raw material sourcing (Propylene Oxide) from group companies reduces supply risk. <p>Risks:</p> <ul style="list-style-type: none"> • Vulnerable to Chinese dumping; Polyol volumes previously crashed 60% in FY25 due to cheap imports. • Cyclical industry; margins sensitive to crude-linked raw material volatility (Propylene/PO). • Loss of specialty chemical diversity following the divestment of high-margin overseas subsidiaries.
Investor Impact	<ul style="list-style-type: none"> • Growth: New PG capacity and proposed ₹130 Cr Gujarat plant provide clear runway for domestic scale. • Margins: Divestment of Notedome (22% margin) creates a structural "margin hole" that domestic volume must fill. • Leverage: Zero dilution risk; expansion is entirely funded via internal accruals/divestment proceeds. • Dividends: Strong cash position (₹324 Cr+) suggests potential for sustained payouts or inorganic acquisitions.
Agency / Cross Analysis	<p>Same Agency (CARE): Rating held steady despite a weak FY25 (PAT ₹29 Cr) because 9MFY26 showed a sharp recovery (PAT ₹101 Cr). CARE is balancing the improvement in liquidity (from divestment) against the deterioration in business diversity. The agency's "Positive Sensitivity" requires revenue to hit ~₹1,500 Cr with 15% margins—levels the company is currently far from reaching (FY25: ₹899 Cr / 6.7% margin).</p>
Final Inference	<p>Real improvement in liquidity, but a risk signal on business quality. MPL is now a cash-rich domestic play, but the loss of high-margin UK assets makes it more vulnerable to the volatile, import-threatened Indian commodity cycle. Equity upside depends on successfully ramping up the new 50k MTPA capacity.</p>