

Manali Petrochemicals Ltd — 28 Oct 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Limited (CareEdge)
Rating Change	Maintained / Under Monitoring (Update following Board approval for subsidiary sale)
Outlook (Current vs Previous)	Stable (Monitoring) • Agency is currently assessing the impact of the Notedome Limited divestment.
Key Drivers of Change	<ol style="list-style-type: none"> Divestment of Notedome Ltd: Sale of 100% UK step-down subsidiary for \$ge\$ 8.5x adjusted EBITDA of £2.12M (~£195 Cr+ inflow). Profitability Shift: Notedome contributed £17.73 Cr PAT (60% of consolidated PAT) despite only 11% of Revenue. Liquidity Boost: Transaction is on a "cash-free, debt-free" basis, significantly strengthening the cash reserves. Portfolio Re-alignment: Shift from international specialty polyurethanes back to domestic core focus.
Rated Instruments	Not specifically detailed in this update; covers all "rated bank facilities."
Key Observations	<p>(+) Valuation: Exiting at a healthy 8.5x EBITDA multiple provides significant capital.</p> <p>(+) Liquidity: Cash inflow will bolster the balance sheet against market volatility.</p> <p>(-) Margin Dilution: MPL (Consolidated) PAT margin was ~3.2%; Notedome's was ~17.8%. Loss of this entity will drag down overall margins.</p> <p>(-) Revenue Impact: Loss of £99.23 Cr in top-line (approx. 11% of total TOI).</p> <p>(?) Deployment Risk: The credit profile now depends on how the management redeploys the sale proceeds into growth CapEx.</p>
Investor Impact	<p>Growth: Short-term contraction in consolidated earnings; long-term depends on new acquisitions.</p> <p>Margins: Negative impact; losing the most profitable segment of the business.</p> <p>Leverage: Minimal impact as the sale is debt-free, but net cash position improves significantly.</p> <p>Risk: High reliance on domestic cyclicalities now that the diversified UK earnings are removed.</p>
Agency / Cross Analysis	Same Agency (Update vs Previous Rationale): CARE highlights a trade-off. While previous ratings relied on consolidated earnings diversity, this update shifts focus to Liquidity Strength . The agency notes "no material affect" on credit profile <i>immediately</i> , but flags the "impacted profitability" as a key monitorable.
Final Inference	Strategic Trade-off: MPL is sacrificing its highest-margin asset (60% of PAT) for a large cash pile. From a credit perspective, it's a "Liquidity Positive," but for equity, it signals a significant earnings vacuum that must be filled quickly to maintain valuations.