

Manali Petrochemicals Limited

December 08, 2022

Credit Update:

Manali Petrochemicals Limited (MPL; CARE A+; Stable/ CARE A1+) has submitted to the stock exchanges on November 30, 2022, that the company, through its wholly owned subsidiary AMCHEM Specialty Chemicals Private Limited (AMCHEM), Singapore, has completed the acquisition of Penn Globe Limited (PGL) by acquiring its entire 100% stake for a consideration of GBP 20.6 million. With this, PGL along with its two subsidiaries in UK, viz., Penn-White Limited (PWL) and Pennwhite Print Solutions Limited (PPSL) have become wholly owned subsidiaries of MPL. The acquisition is entirely funded out of internal accruals and is not expected to have a significant impact on the capital structure of MPL. MPL had cash and bank balances of Rs. 602 crore as on September 30, 2022, on a standalone basis. The liquidity position is expected to continue to be comfortable going forward.

PWL is a manufacturer of foam control agents and similar chemical products including lubricants, surface coatings, release agents and silicone emulsions catering to diversified end-user industries and PPSL manufactures a range of high-performance silicone emulsions, anti-statics and consumables developed specifically for the needs of commercial printers. This acquisition is expected to enable MPL expand its product portfolio with addition of 200+ products of PGL, increase the share of specialty chemicals in its portfolio, expand its geographic reach and, in the long-term aid in forward integration of its Polyol unit for production of anti-foaming agents.

PGL and its subsidiaries generated an EBITDA of GBP 2.96 million on a TOI of GBP 15.97 million in FY22. PGL does not have long-term debt. MPL has recorded a PBILDT of Rs. 522 crore on a TOI of Rs. 1443 crore in FY22 and PBILDT of Rs. 68.22 crore on a TOI of Rs. 561.58 crore in H1FY23. The company is undergoing an expansion project of Propylene Glycol and has received environment clearance for the same in October 2022.

CARE Ratings has taken note of the acquisition and will continue to monitor development in this regard very closely to assess its impact on credit profile of the company.

Please refer to the following link for the previous press release that captures key rating factors and rating sensitivities: [Click here](#)

Contact us**Media Contact**

Name: Mr. Mradul Mishra

Contact no. - +91-22-6754 3573

Email ID - mradul.mishra@careedge.in

Analyst Contact

Name: Ms Parvathavardhini Natarajan

Contact no.- +91-44-2850 1000

Email ID - p.natarajan@careedge.in

Relationship Contact

Name: Mr. V. Pradeep Kumar

Contact no.- +91-98407 545211

Email ID – Pradeep.kumar@careedge.in

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