

Manali Petrochemicals Limited

March 04, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	75.00	CARE A+; Stable	Reaffirmed
Long-term / Short-term bank facilities	25.00	CARE A+; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	25.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Manali Petrochemicals Limited (MPL) continue to derive comfort from its strong financial profile, marked by a comfortable capital structure, and liquidity position. Ratings continue to draw comfort from the long-standing operational track record of the company with a product portfolio that caters to diverse end-user segments. However, ratings continue to be constrained by presence in a cyclical industry dominated by imports from global integrated players, who enjoy benefits of scale and a diverse product profile. Furthermore, limited control over pricing of finished goods and raw material price volatility restricts the company's profit margins. Ratings also take note of divestment of one of its overseas step-down subsidiaries, which was operating at relatively higher margins. While divestment reduced earnings diversity and may moderate consolidated profitability, the proceeds have strengthened the liquidity profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations of ~₹1,500 crore with improvement in the share of value-added or specialty chemicals.
- Profitability margins over 15% on a consistent basis.

Negative factors

- Substantial decline in sales volumes, leading to the operating margins remaining below 8% on a consistent basis.
- Any substantial debt-funded capex or acquisition, leading to deterioration in the capital structure, marked by an overall gearing upwards of 0.50x.
- Substantial lowering of the liquidity cushion available by way of available free cash and bank balances.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has adopted a Consolidated approach for analysing MPL, which has two wholly owned subsidiaries and two step-down subsidiaries. List of subsidiaries is given in Annexure-6.

Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectation that MPL will continue to maintain its healthy financial risk profile, supported by the strong capital structure and liquidity, in the medium term.

Detailed description of key rating drivers:

Key strengths

Strong financial risk profile

MPL maintains strong financial profile marked by comfortable capital structure and strong liquidity position. As of March 31, 2025, overall gearing stood at 0.13x reflecting its sizable net worth base and limited dependence on external borrowings. The company has minimal term debt and maintains a net-debt-negative position, aided by cash and bank balances ₹324 crore as on March 31, 2025. Liquidity further strengthened following receipt of divestment proceeds. In the absence of significant debt-funded capital expenditure in the near term, the capital structure is expected to remain stable and supportive of the company's overall credit profile.

Major domestic producer of propylene glycol (PG) and polyol

With over three decades of experience, MPL specialises in the production of petrochemicals such as propylene oxide (PO), PG, polyols, and other related products. These products serve as substitutes for imports, and MPL holds a unique position as the sole domestic manufacturer of PG. As most domestic customers do not prefer to rely entirely on imports for raw materials supply,

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

MPL's status as the exclusive domestic producer of PG proves advantageous. MPL supplies ~20% of the domestic consumption of PG.

Relationships with reputed customers across diverse industry verticals

MPL derives ~65% of its revenue from PG and polyols. The company strategically serves a diverse range of end-user industries, mitigating the risk of concentration in single sector. PG finds applications in pharmaceuticals, food industry, and as carriers in flavours and fragrances, while polyols find application in the automotive industry and a significant usage in foam and bedding, and construction applications such as insulation panels and waterproofing. The company has long-standing relationships with reputed clients in each industry, and the top 10 clients contribute to less than 51% of the total operating income (TOI), thus limiting risk of concentration to a particular customer.

Recovery in operational performance

The company's scale of operations moderated in FY25 due to elevated import competition, which constrained realisations across key product segments. While the company could maintain PG sales volume, polyol volume declined amid continued pricing pressure. Stronger performance of overseas subsidiaries partially mitigated the impact at a consolidated level. Although pricing pressure persisted in 9MFY26, the company reported improvement in its operating performance supported by recovery in polyol volumes driven by expansion of customer base and more favourable product mix with higher contribution from value-added products, and ongoing cost optimisation initiatives. Operating income grew by 13% year-on-year in 9MFY26 while the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improved to 10.86% (9MFY25: 5.59%), reflecting better capacity utilisation and improved cost absorption. Sustainability of improved operating performance and profitability will remain a key rating monitorable.

Capacity expansion

MPL commissioned an additional propylene glycol (PG) line of 50,000 MTPA in October 2025, increasing its total installed PG capacity from 22,000 MTPA to 72,000 MTPA. The expansion was completed at an estimated cost of ₹100 crore, funded through a mix of internal accruals and ₹33 crore of term debt. The company is also progressing with its entry into the western India market through the proposed establishment of a 30,000 MTPA system polyol plant in Gujarat. The project is estimated to entail a capital outlay of ~₹130 crore and is expected to be funded entirely through internal accruals.

Key weaknesses

Divestment of subsidiary

MPL earlier operated two key step-down overseas subsidiaries in the UK; Penn-White Limited and Notedome Limited, held through its investment arm, Amchem Speciality Chemicals Pte. Limited, Singapore. Notedome Limited manufactures "Neuthane" polyurethane cast elastomers catering primarily to automotive and agricultural sectors, while Penn-White Limited produces specialty additives including foam control agents, antistatic agents, release agents, lubricants, and silicone-based products. In 9MFY26, both subsidiaries combined contributed ~26% of the consolidated TOI at healthy margins of ~22-25%, supporting consolidated profitability and increasing share of specialty chemicals of MPL to ~33%.

In November 2025, the company divested its stake in Notedome Limited for a consideration of ~₹247 crore. Given that Notedome Limited operated at relatively higher margin levels, the divestment could moderate overall profitability and earning diversity in the medium term.

High competition from global integrated players and cheaper imports limiting end-product pricing

Internationally, Dow Chemicals and German major BASF have large capacities, enabling them to offer higher quantity of polyols to Indian market at lower prices. Top players control significant share of polyol and PG market giving them enormous control over pricing strategies. Products manufactured by MPL are import substitutes; the Indian polyol and PG markets are still dominated by cheaper imports. The company faces competition from imports primarily from major international players wielding considerable clout in terms of pricing. MPL prices its finished products based on the respective landed costs of imports which limits control over the end-product pricing. With slowdown in China's economy, imports to India have been higher, leading to lowering realisations for domestic players such as MPL. Despite the import pressure, MPL has been able to maintain its PG sales volume at similar levels, whereas polyol volumes dropped by 60% in FY25. While pricing pressure persists, the company reported recovery in polyol volumes in 9MFY26, supported by improved demand and customer additions. Sustained competitive intensity and import trends will remain key determinants of pricing stability in the medium term.

Exposure of margins to raw material price volatility

Price of raw materials such as propylene and PO remained volatile in the past, depending on crude price. However, finished products prices manufactured by MPL generally move in tandem with raw material prices, although with some time lag. As the

industry is characterised by price volatility, the company's earnings before interest, taxation, depreciation, and amortisation (EBITDA) margins also remain volatile. The company mitigates this to a certain extent due to lower freight costs as the plants of major raw material suppliers are contiguous to MPL's plant. The company's dependence on imported PO is low, since it has its own PO plant and it also sources from one of its group companies located nearby.

Industry risk and prospects

The petrochemical industry remains inherently cyclical, with profitability closely linked to volatility in crude and naphtha-based feedstock costs and shifts in global supply demand dynamics. India continues to exhibit a structural gap between domestic demand and production for key intermediates such as polyols and propylene glycol, ensuring sustained import dependence and stable underlying consumption. Demand for polyols is supported by growth in bedding, furniture, automotive seating, insulation, footwear, and CASE applications, while pharmaceutical and food sectors continue to drive PG consumption.

However, pricing pressure persists due to aggressive competition from large integrated global players and continued influx of low-priced imports, particularly from Asian markets. Anti-dumping duties imposed or extended on several polyol streams have offered some support to domestic producers, yet industry realisations remain sensitive to global oversupply trends and international price cycles. At the same time, specialty chemicals are gaining importance due to better margins and reduced cyclicality, prompting players to diversify into higher-value and application-specific segments.

Overall, the medium-term outlook for the polyols and PG industry in India remains stable, driven by steady end-use demand, import substitution potential, and rising downstream applications. Companies with diversified portfolios, stronger integration into specialty chemicals, and efficient cost structures such as MPL are relatively better placed to navigate cyclical fluctuations and maintain competitiveness.

Liquidity: Strong

The liquidity position is strong with cash and bank balances of ₹363.98 crore as of September 30, 2025, against very minimal debt obligation. MPL receives credit period of 30-60 days for its procurement and provides credit period 40-50 days for its customers. Average working capital utilisation remained low at 22% for 12 months ended September 2025.

Environment, social, and governance (ESG) risks

Environmental: MPL has full-fledged ETP system in place to treat the trade effluents with Biological Oxidation technology and the treated effluent discharges are meeting the prescribed norms of Pollution control board for marine disposal. Company maintains compliance with ISO 9001:2015 – Quality Management System and ISO 14001:2015 – Environmental Management System. Transition in both Plant-1 and Plant-2 exclusively on R-LNG, replacing conventional fossil fuels has significantly reduced air emissions. The company also entered long-term agreements with leading renewable energy providers.

Social: The company has undertaken activities towards providing preventive health care, promoting education including special education and employment enhancing vocation skill among others. As on March 31, 2025, the company has 288 permanent employees, 1024 persons employed as workers and ~13% of the permanent employees being women. There have been no complaints on human rights issues.

Governance: The company is a listed company complying with the clause 49 of the listing agreement. The company has 12 directors, of which six are independent directors. Of the rest, three directors are non-executive, non-independent, and two are executive director. The company has also formed the required statutory committees, including Audit committee, Nomination and Remuneration Committee, and CSR committee among others. The Audit committee is headed by Latha Ramanathan (Independent Director) who is a member of ICAI.

Applicable criteria

[Consolidation](#)

[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](#)

About the company and industry

Industry classification

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

MPL is part of the AM International group and is a Chennai-based manufacturer of petrochemical products, propylene oxide (PO), propylene glycol (PG), polyols, system polyols, and other allied products. MPL has two manufacturing facilities at Manali, Chennai. Plant I was set up in 1990, whereas Plant II was initially started as UB Petrochemical Limited in 1990 by the UB group, which was subsequently acquired by Southern Petrochemicals Industries Corporation (SPIC) in 1995 as SPIC Organics Limited and was merged with MPL in 2000. MPL's products are import substitutes and cater to a wide variety of end-user industries. It is the only domestic player in the segments in which it operates and faces competition only from imports.

Consolidated Financials of MPL

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	1032.56	898.62	754.58
PBILDT*	47.06	59.97	81.97
Profit after tax (PAT)	19.17	29.31	100.92
Overall gearing (x)	0.11	0.13	NA
Interest coverage (x)	4.90	5.74	8.27

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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	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		-	-	-	25.00	CARE A+; Stable
Fund-based - LT-Term Loan		-	-	March 2031	50.00	CARE A+; Stable
Fund-based - LT/ ST-Working Capital Demand loan		-	-	-	25.00	CARE A+; Stable / CARE A1+
Non-fund-based - ST-Letter of credit		-	-	-	25.00	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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	25.00	CARE A+; Stable	-	1)CARE A+; Stable (26-Dec-24)	1)CARE A+; Stable (17-Nov-23)	1)CARE A+; Stable (05-Sep-22)
2	Non-fund-based - ST-Letter of credit	ST	25.00	CARE A1+	-	1)CARE A1+ (26-Dec-24)	1)CARE A1+ (17-Nov-23)	1)CARE A1+ (05-Sep-22)
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	-	-	-	1)Withdrawn (26-Dec-24)	1)CARE A1+ (17-Nov-23)	1)CARE A1+ (05-Sep-22)
4	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	1)Withdrawn (26-Dec-24)	1)CARE A1+ (17-Nov-23)	1)CARE A1+ (05-Sep-22)
5	Fund-based - ST-Working Capital Limits	ST	-	-	-	-	-	1)Withdrawn (05-Sep-22)
6	Fund-based - LT/ST-Working Capital Demand loan	LT/ST	25.00	CARE A+; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (26-Dec-24)	-	-
7	Fund-based - LT-Term Loan	LT	50.00	CARE A+; Stable	-	1)CARE A+; Stable (26-Dec-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-Working Capital Demand loan	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	AMCHEM Speciality Chemicals Private Limited, Singapore	Full	Wholly Owned Subsidiary
2	Manali Speciality Private Limited, India	Full	Wholly Owned Subsidiary
3	Penn White Limited, UK	Full	Wholly Owned Step-Down Subsidiary
4	Pennwhite India Private Limited, India	Full	Wholly Owned Step-Down 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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Sandeep P Director CARE Ratings Limited Phone: +91-44-2850 1002 E-mail: sandeep.prem@careedge.in</p> <p>Ratheesh Kumar Associate Director CARE Ratings Limited Phone: +91-44-2850 1020 E-mail: ratheesh.kumar@careedge.in</p> <p>Athithya Narayanan S Analyst CARE Ratings Limited E-mail: Athithya.narayanan@careedge.in</p>
--	---

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**