

Ref: MPL / Sect1 / BSE & NSE / E-2 & E-3 / 2024

27th September 2024

The Manager,
Listing Department,
BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring
Rotunda Building, P J Tower,
Dalal Street, Fort,
Mumbai - 400 001
Stock Code: 500268

The Listing Department
National Stock Exchange of India
Limited
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (East)
Mumbai - 400 051
Stock Code: MANALIPETC

Dear Sir,

Sub: Analyst/Investor Presentation - "Business Update"

Ref: MPL / Sect1 / BSE & NSE / E-2 & E-3 /2024 dated 24th September 2024

In connection with the above referred letter, please find enclosed a presentation relating to a Business Update of the Company.

The aforesaid presentation is also being hosted on the website of the Company, www.manalipetro.com in accordance with Regulation 46 of the SEBI Listing Regulations 2015.

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,
For Manali Petrochemicals Limited

R Swaminathan
Company Secretary
Encl.: as above



Factories :

Plant - 1 : Ponneri High Road, Manali, Chennai - 600 068

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Driving Growth & Sustainability in the Chemical Industry

Manali Petrochemicals Limited
Investor Presentation September 2024

NSE: MANALIPETC / BSE: 500268

Part of AM International Holdings Private Limited
Regd. Office: SPIC House, 88 Mount Road,
Guindy, Chennai – 600032, India.
www.manalipetro.com

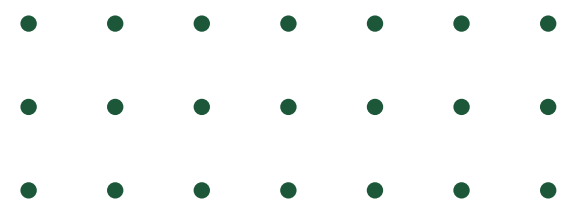
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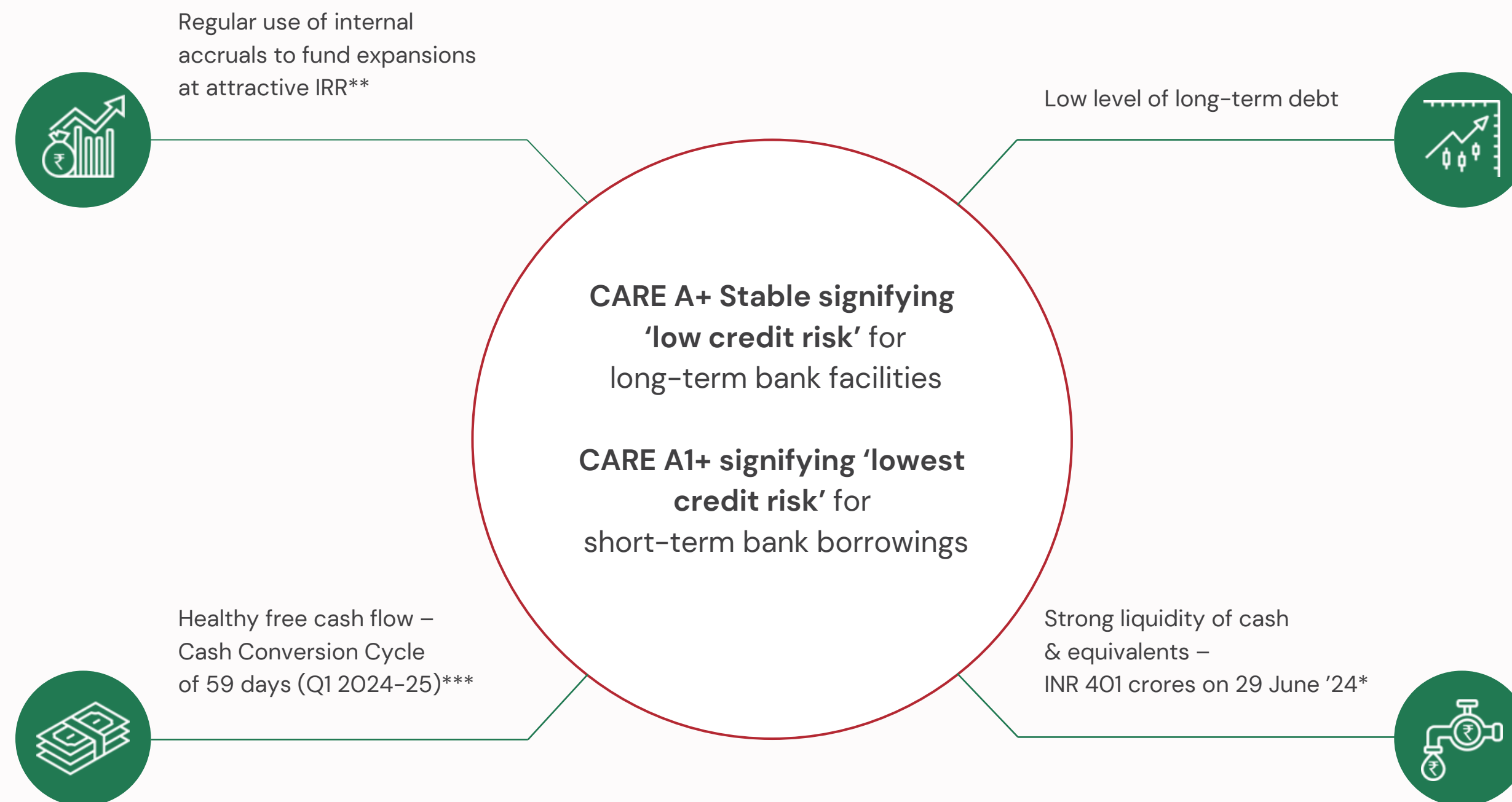


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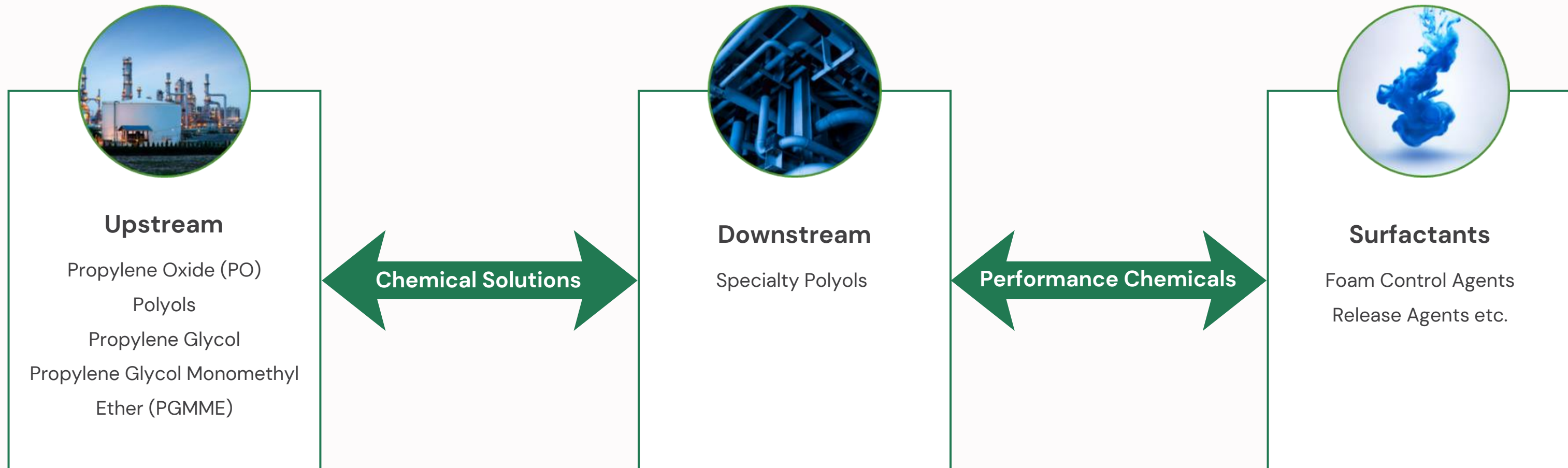


* Consolidated entity

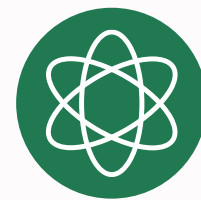
** PG expansion modelled IRR: 20.7%
Polyester Polyol modelled IRR: 23%
West India greenfield modelled IRR: 30%

*** Standalone Manali Petrochemicals





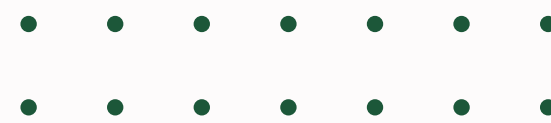
Sustainability driven



Vertical integration
Chemicals Solutions



Customer intimacy



Chemical Solutions





India's leading fully integrated Polyol's petrochemical company

- Over 3 decades of steady operations characterized by diverse product portfolio and end use segment.
- Leader in the manufacture of Propylene Oxide (PO), Propylene Glycol (PG), Polyols, PGMME and other derivatives.
- Resilient revenue CAGR of 5.86% between 2016-17 & 2023-24.
- ISO certified organisation [ISO 9001 (Quality Management System) & ISO 14001 (Environmental Management System)].



Constant expansion of our portfolio of products

- Wide-ranging and diverse customer segment includes pharmaceuticals, fragrances, food, footwear, paint & coatings, automotive, refrigeration and oil drilling industries, among others.
- New portfolio of products added through our step-down subsidiaries.



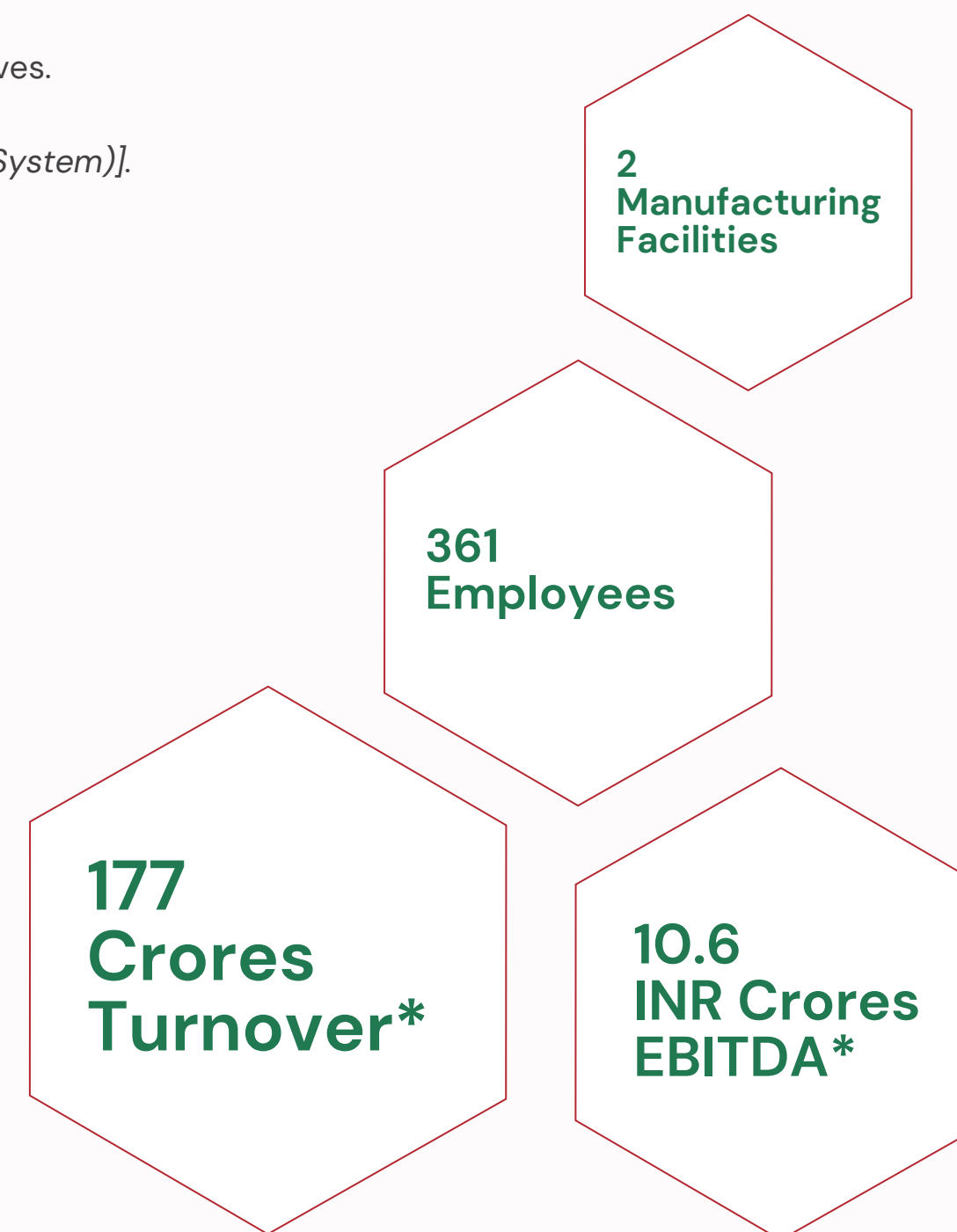
Good performance backed by fiscal prudence

- Healthy free cash flow – Cash Conversion Cycle of 59 days (Q1 2024-25).
- Strong liquidity of cash and equivalents – Standalone INR 230 crores on 30th June 2024.
- Rated above India sovereign rating.



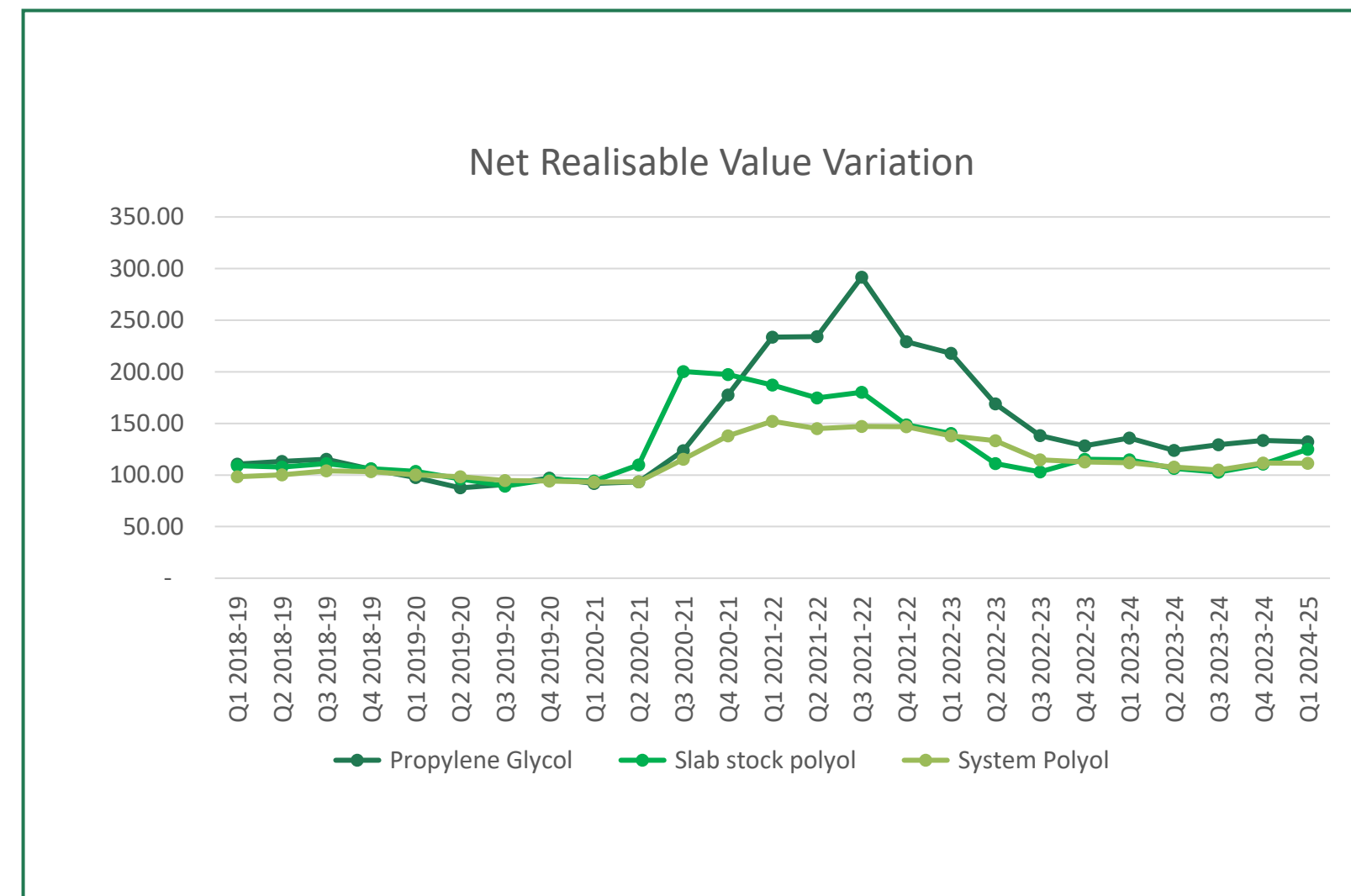
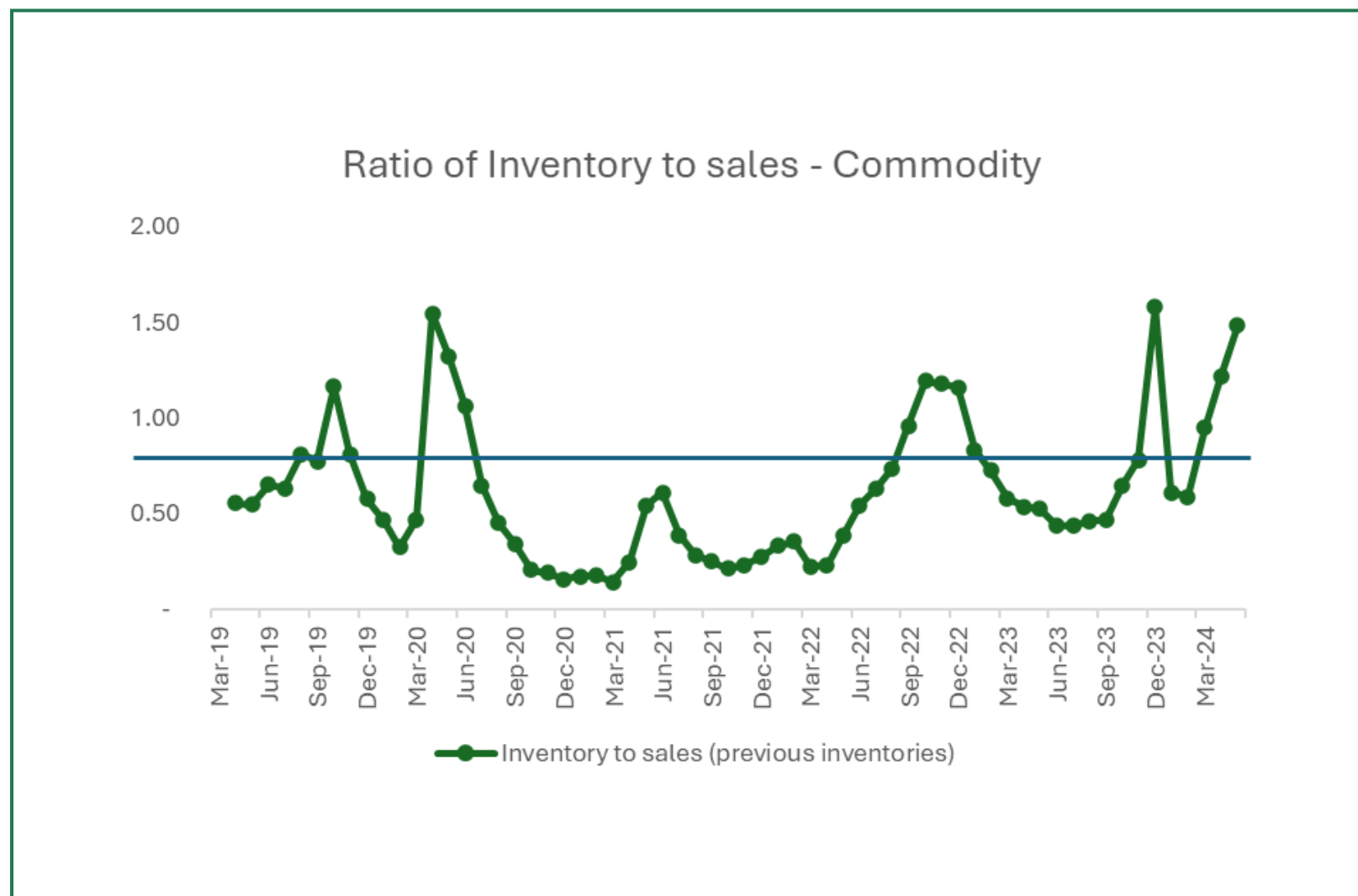
Huge potential for value unlocking

- Low level of long term-debt with a comfortable interest coverage ratio (>2x).
- Regular use of internal accruals to fund expansion.
- Strong current ratio of 3.55 and Acid Test ratio of 2.55 in Q1 2024-25.



* As of Q1 2024-25





During COVID, high demand and low exports drove inventory levels down, while current excess supply and consumer consumption contraction pushes back up the ratio. However, we see a slow return to normal with a healthy level of stock pick-up.

A new reality of constant disruption and pricing power dynamics. The dislocation seen during the COVID-era didn't end when the pandemic stopped bur rather persisted.





Propylene Glycol

- New Propylene Glycol plant of 32K MTPA with new technology which enhance product specs.
- Modelled Investment of 94 crores with 50:50 Debt to Equity ratio for an IRR of 20.7%.
- Balancing of PO captive consumption and import.
- Revamp of the current “old” plant during the 3rd year of commissioning of the new plant to enhance return.

Key Market Segments:

- Food and Beverage.
- Pharmaceutical
- Currently meeting around 20–25% of the domestic demand, larger volumes will allow us to be more competitive in other applications and to capture more market shares.



Polyester Polyol

- Polyester Polyols are widely used across various PU applications and Manali purchases more than 1800 MT for its inhouse system polyols portfolio of products.
- Captive consumption through backward integration will improve margins on top of expanding offering.
- Total investment modelled of 40 crores for a project IRR of 23%.

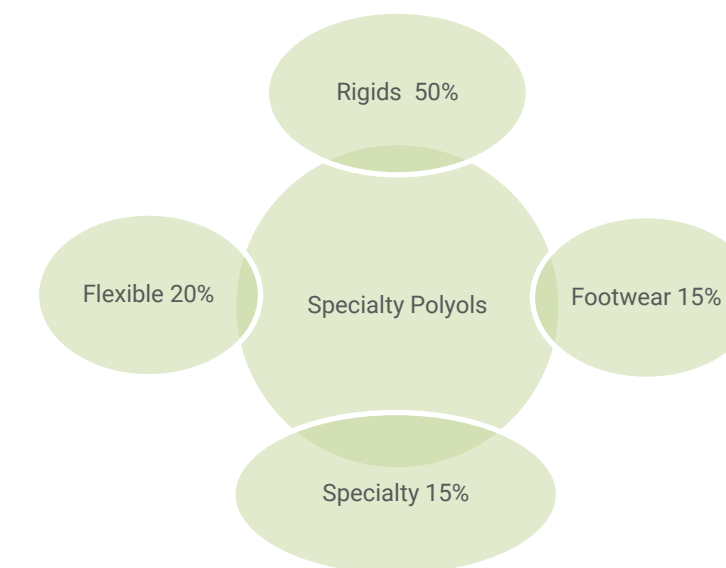
Project done in two phases:

- First 16 kl train (4150 MTPA at 90% load) – completed
- Second 16 kl train (4150 MTPA at 90% load) – ongoing.
- **Key Market Segments:**
- Construction and Appliances
- Elastomers



West India Greenfield Expansion

- Targeting 5% of the overall specialty market size of 6 LMT, which is about 30,000 MT per annum.
- Target split across four segments:



- Total investment modelled at 130+ crores for a 30% IRR and a 5 years payback.
- Requirement of the plant shall be met through MPL own polyol capacity and imports. COP is considered at average of both.



Other Notable Projects



Sourcing hybrid power



Strengthening R&D team for widening product portfolio with higher margin specialty chemicals



Strengthening marketing in PG & PU systems



Energy saving through change of fuel to liquid nitrogen gas



Additional PO storage capacity at ETTPL



Optimising overhead and plant operational cost to drive bottom line growth



Notedome has 45 years of experience and is a pioneering supplier of high-performance polyurethane solutions and Elastomer systems.

- Strong Q1 2024-25 justified by improving GM through strong pricing strategies, leveraging specialty product offerings and better global sourcing.
- Rebranding strategy with a new logo, website and more integration with Manali Petrochemicals.
- Stable volumes and gross margin improvement.
- Looking at Energy Optimization to promote energy savings and costs reduction.
- Balancing the cost of production with alternate vendor management which ultimately will improve margins.
- Focusing on growing the number of strategic distribution agreements in regions like the Nordics, mainland Europe and MENA
- Strategic projects management instead of systematic operation.

Specialty cast Polyurethanes find application across a majority of industries



Energy



Oil & Gas



Mining & Quarrying



Automotive defence & Aero



Agriculture



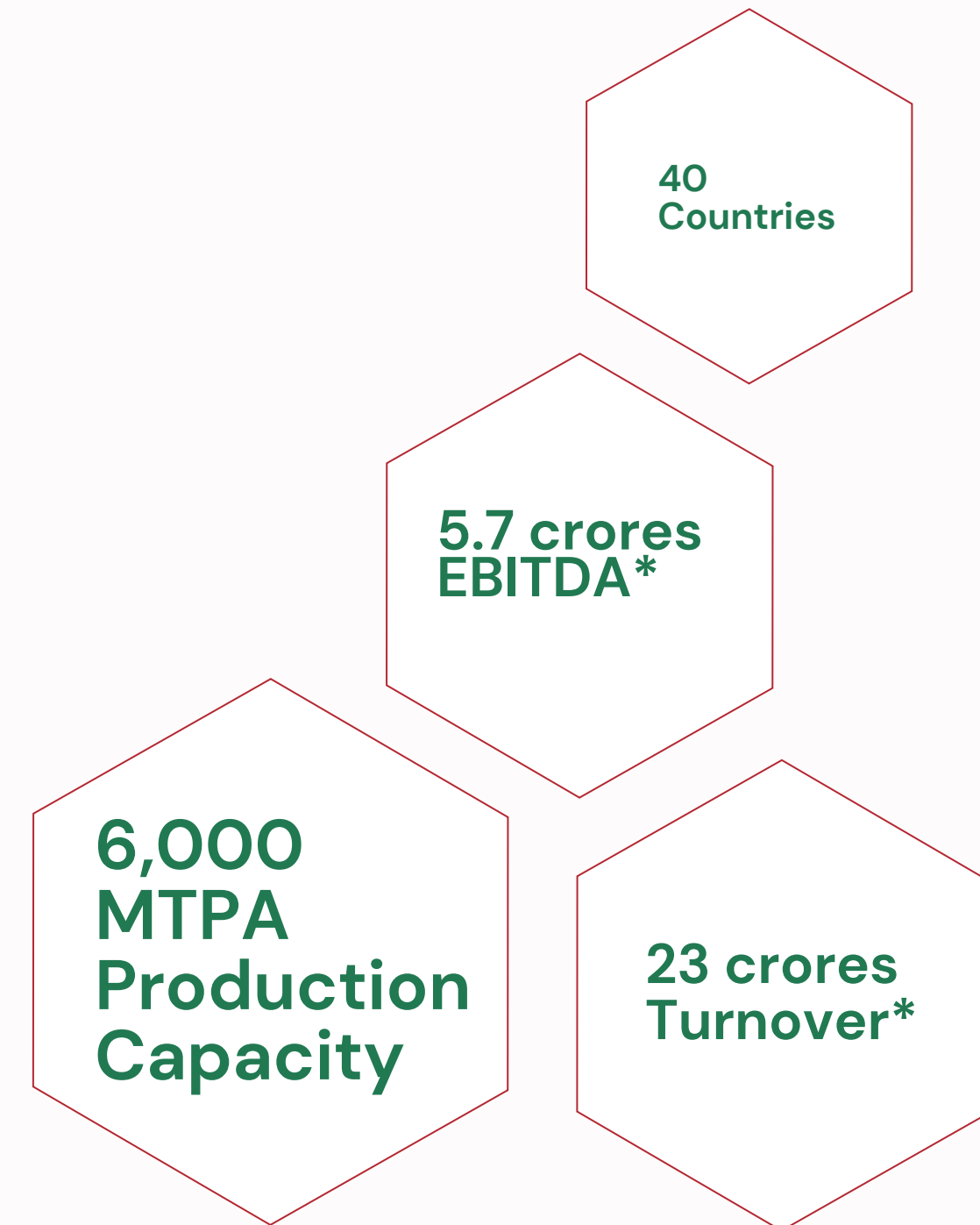
Subsea



Paper/Steel Manufacturing

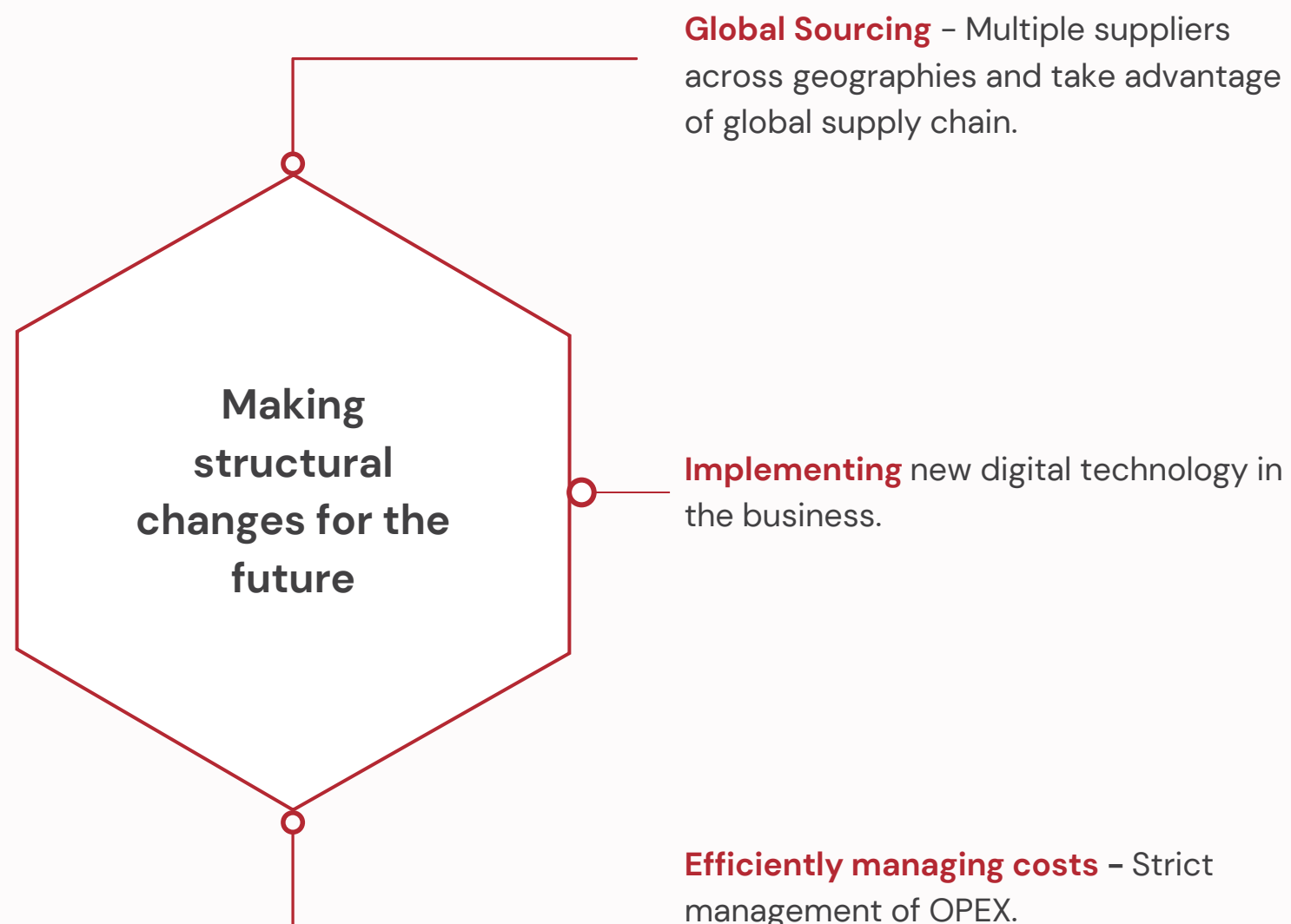


Construction



* As of Q1 2024-25

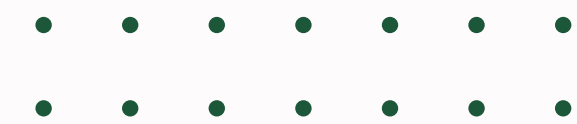
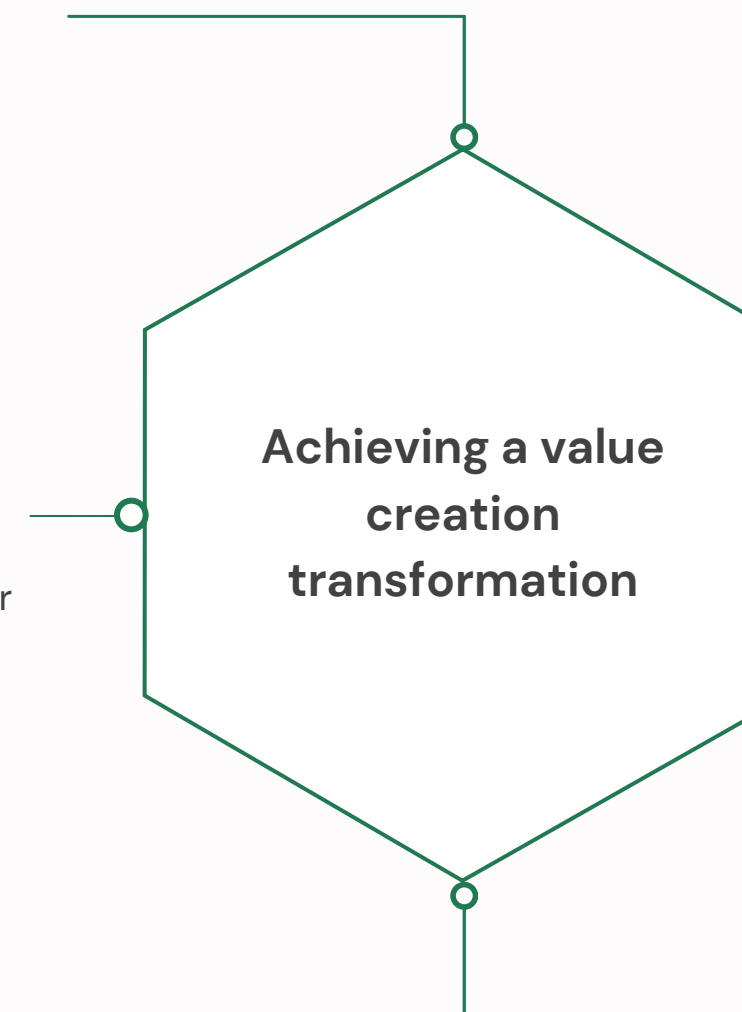




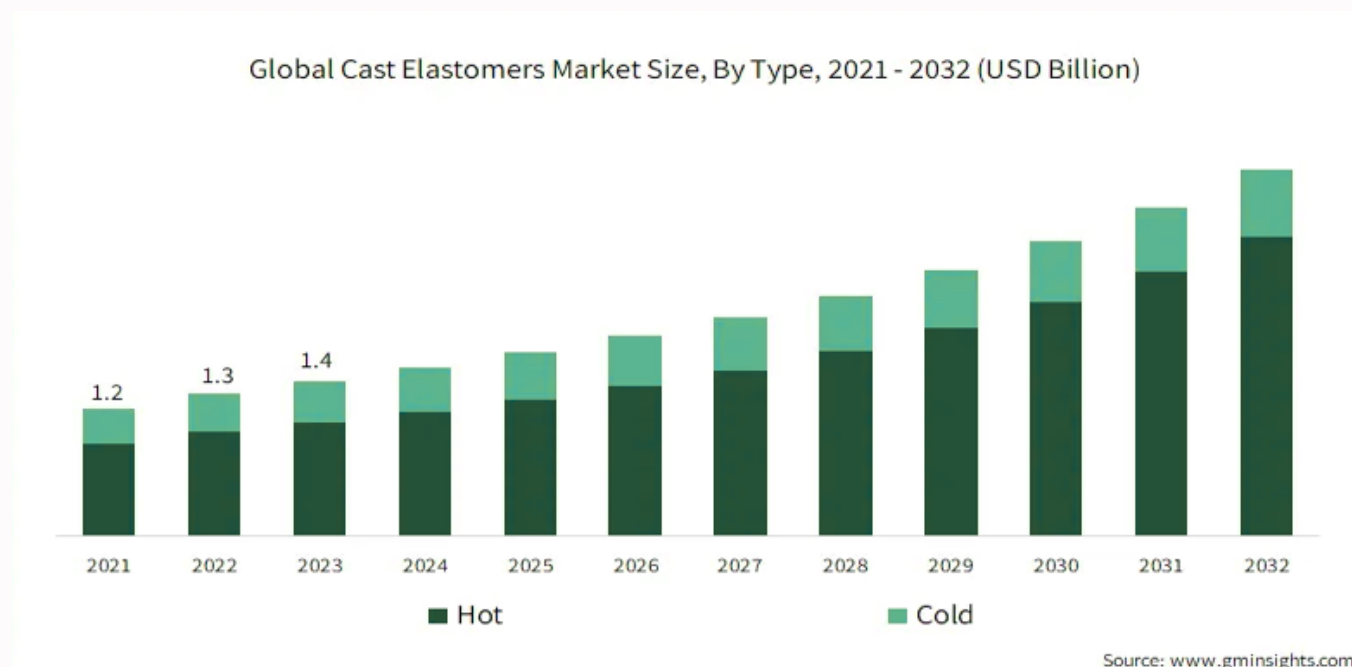
Reviewing the notion of premium in our tailored services through enhancement of ad-hoc services.

Adaptive Pricing – Using our market intelligence (competitive landscape and understanding our value proposition) we kept our pricing dynamic that yielded better margins without losing volumes.

Reviewing life-cycle cost versus returns to reshape our structure and strategy. And tight portfolio management – volume is not king anymore.



Cast Elastomer Market



- Cast Elastomer Market value (2023): \$1.4 Bn
- The global cast elastomer market is expected to grow at a **5.3% CAGR** from 2024 – 2032
- Hot cast elastomer segment is projected to grow at a faster CAGR during the projected period
- The Asia Pacific region witnessed the largest market share in the global market in 2022 and is projected to continue its dominance over the study period
- Countries in the APAC region, including India, are witnessing a rapid increase in economic activity. The growing automotive industry is creating new growth opportunities for various materials and chemicals, including cast elastomers.
- Key focuses for Notedome to capture market share in growing industry:
 - Focus on Innovation
 - Leverage custom-made nature of products
 - Build brand awareness and invest in marketing
 - Optimize operational efficiency and reduce costs where we can



Performance Chemicals



In late 2022, Manali Petrochemicals Limited acquired Penn Globe* a leading global manufacturer of high-quality foam control agents and chemical additives.

- The company is based out of Middlewich, UK.
- PennWhite manufactures over 200 products from high-quality foam control agents to high performance lubricants, surface coatings, release agents and silicone emulsions
- The goal of the acquisition was to broaden MPL's downstream portfolio of products that showed synergies with our group companies.

PennWhite's Foam control agents find application across a majority of industries

Foam control agents



Recycling & water treatment



Surface coatings



Food & beverage processing



Fermentation



Recycling

Specialist Processing Aids



Construction



Manufacturing



Printing

39 crores
Turnover**

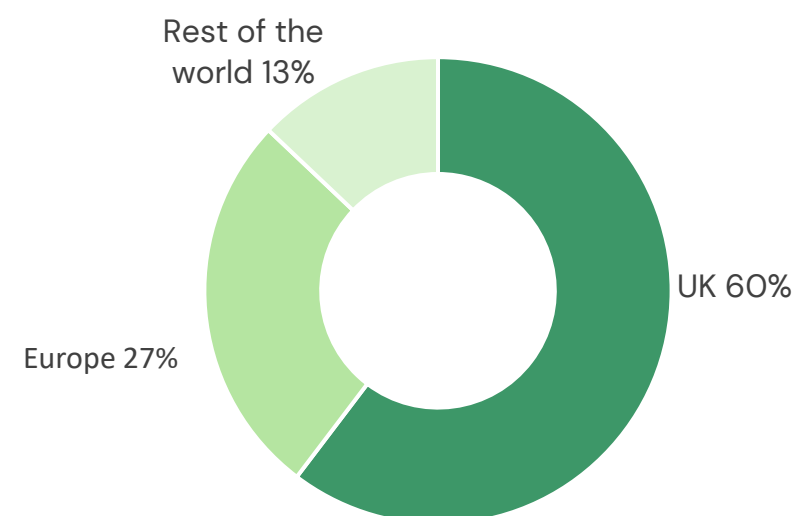
16,280 MTPA
Production
Capacity

10.3 crores
EBITDA**

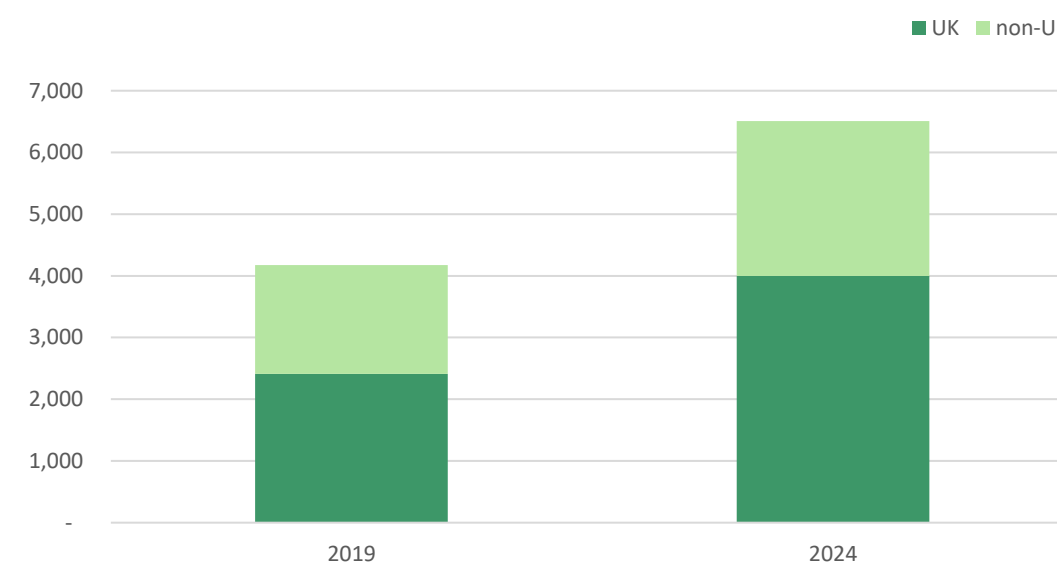
* PennWhite is now the holding company
** Q1 2024-2025



2024 Sales Breakdown, Per Region



Profit Growth in UK vs non-UK



Solid foundations to reinforce profitability.

- A 35+ years old, highly recognized brand under PennWhite and FoamDoctor®.
- Global footprint with presence in 40+ countries with currently a single manufacturing site.
- World-class and large portfolio of molecules that will be strengthened by targeted investment and group support.
- PennWhite success lies in the combination of formulation know-how, application and a customer centric approach supported by our expertise.

Since our acquisition of PennWhite Limited

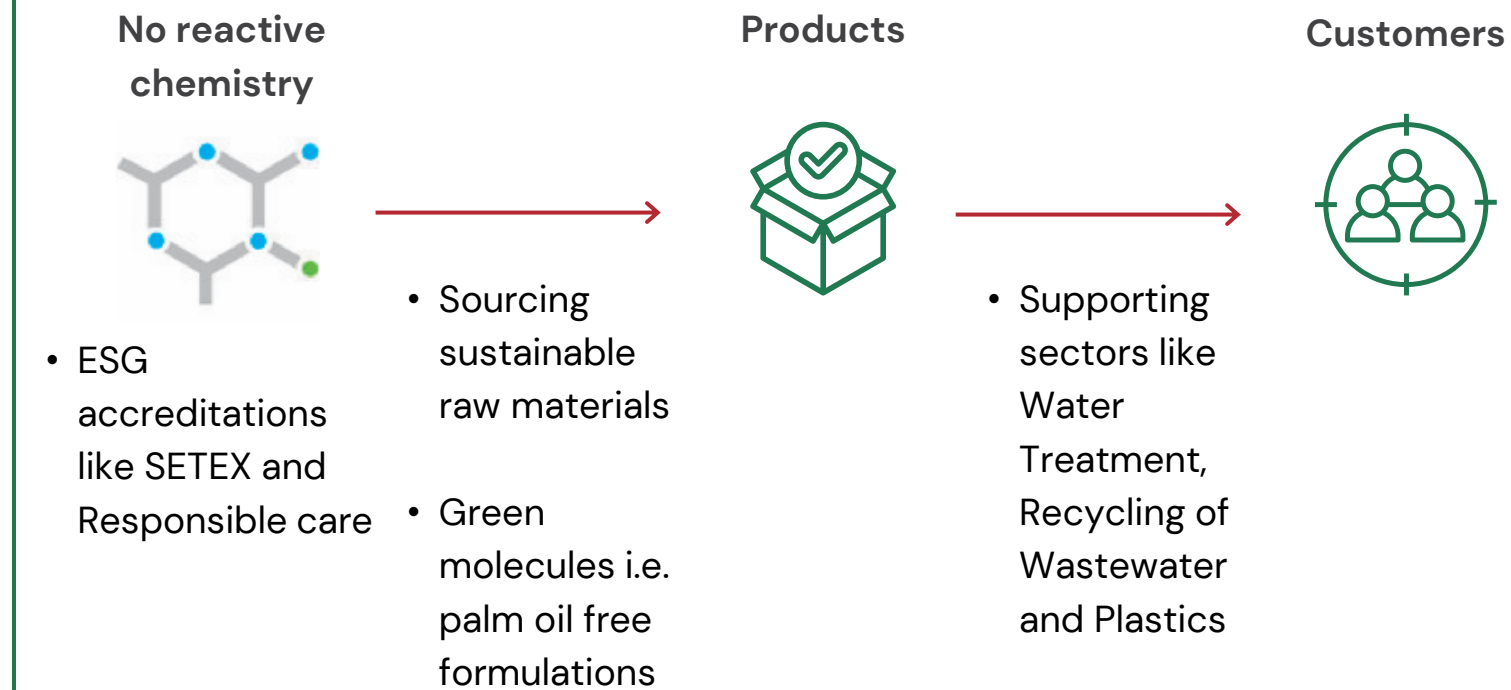
- EBITDA margin improved by c.6%**.
- Highest historical EBITDA* for 2023-24 of 33.92 crores.
- PBT increased by c.12%**.
- Improvement in ROCE of 14%**.
- Removed layers for a leaner corporate structure and removing 17% withholding tax risk.

* Unadjusted EBITDA

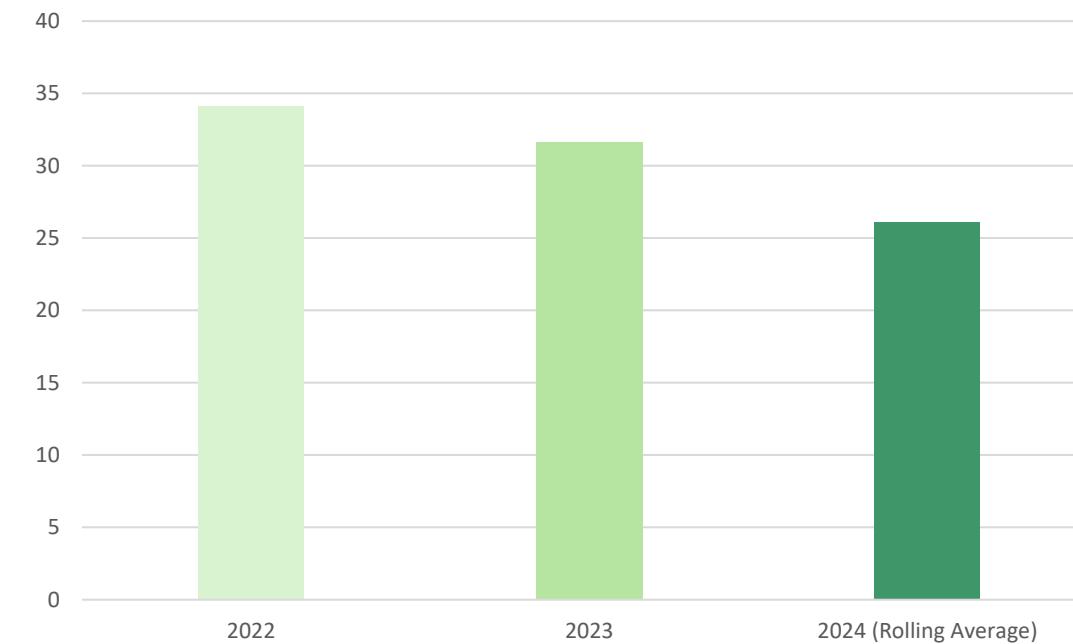
** From 2022



Supporting our customers sustainability journey

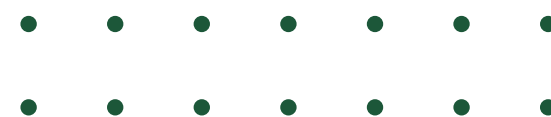


Average energy consumption (Kwh/MT)



Accelerate on strategic opportunities driven by global megatrends:

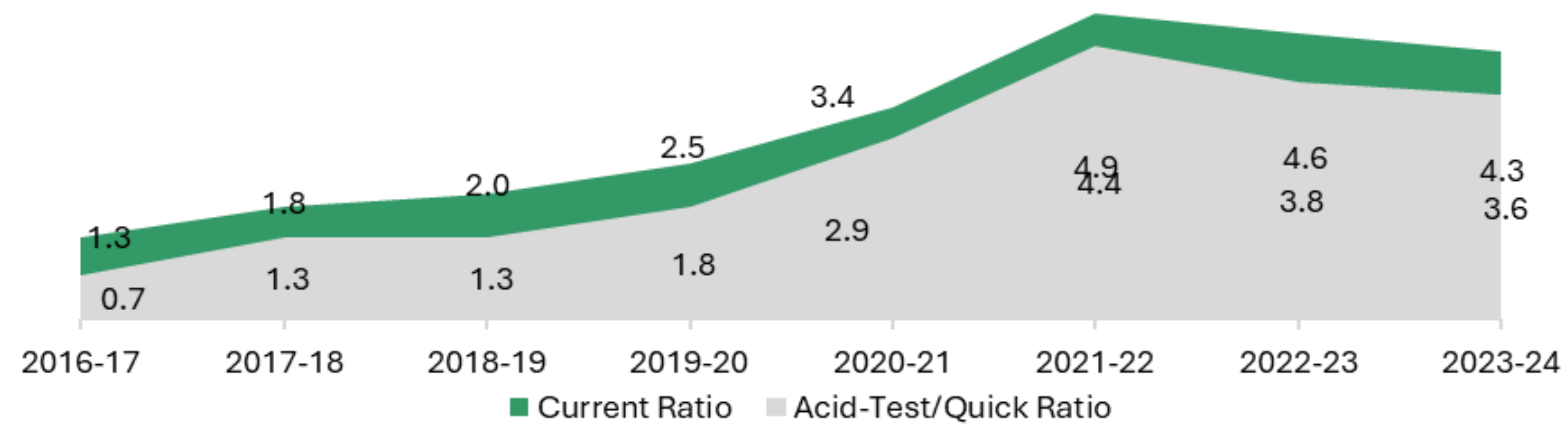
- Expansion into the Indian and Asian market with local presence.
- Green solutions with R&D projects underway through the implementation of sustainable molecules.
- Targeted focus on mainland Europe market and core UK market.
- Increase our metric tones sold and utilization through smarter plant utilization and increase of sales. We have started this process improvement and codification to improve efficiency.
- Debottlenecking part of our operation through strategic partnership – signed a distribution agreement with Krahn UK for our silicone oil products.



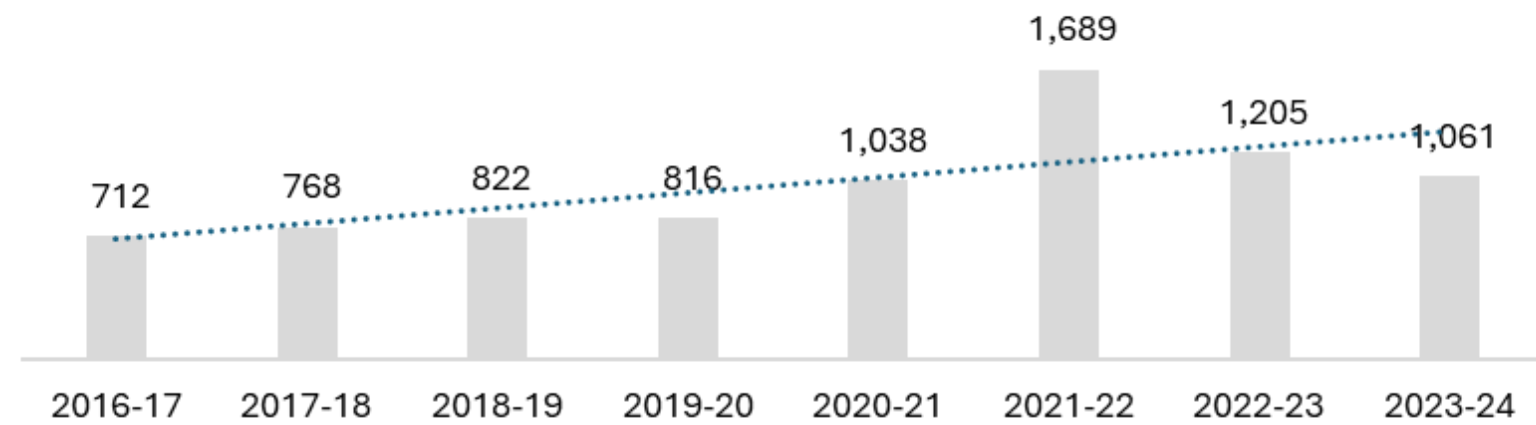
Consolidated Entity



Liquidity Ratios

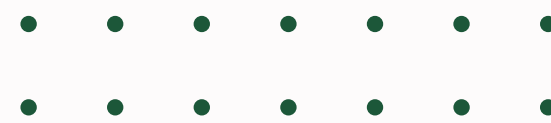


Total Revenue (INR Crores)

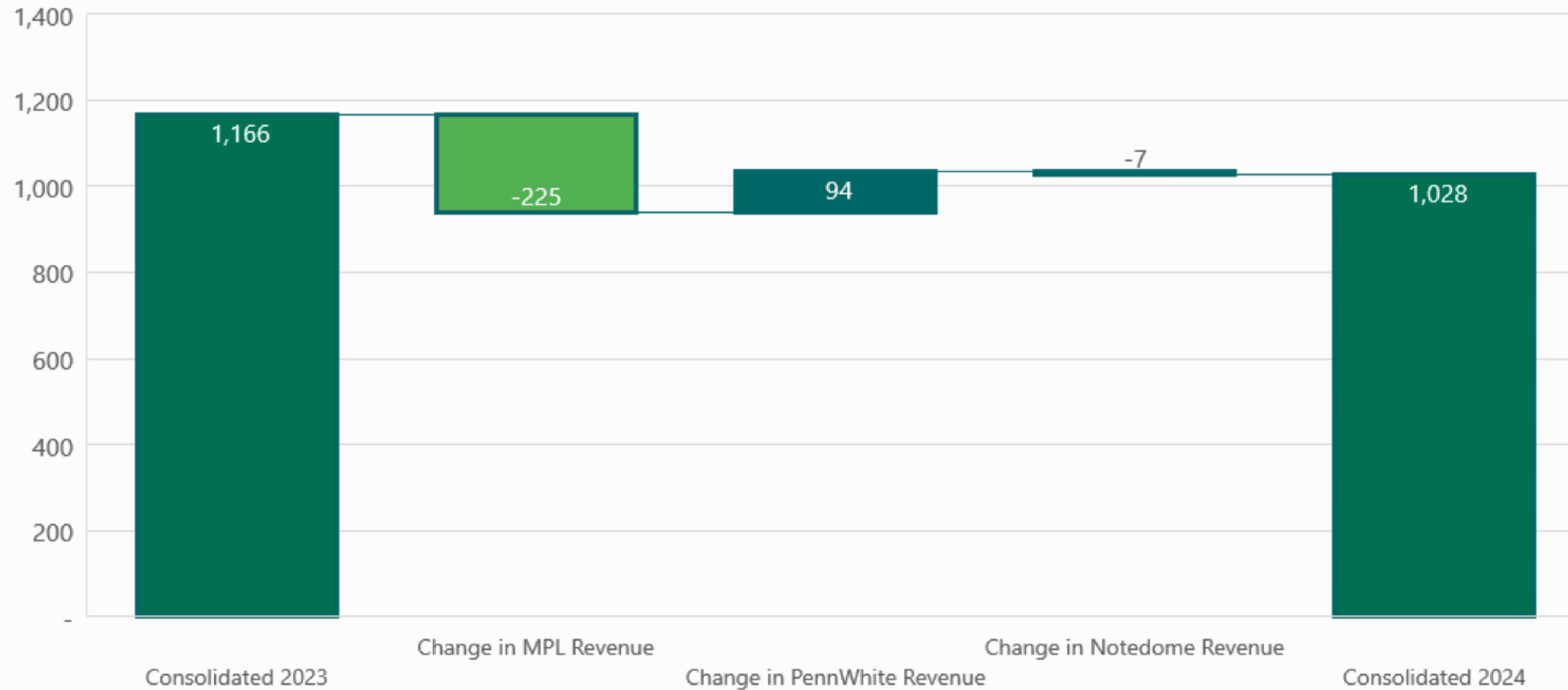


Both considering current and liquid assets, the company shows a very strong liquidity.

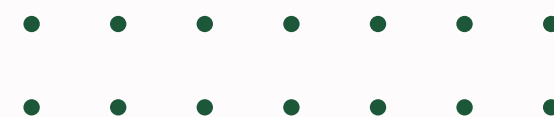
Consolidated revenue still shows a healthy trend and resilience through tough global markets.



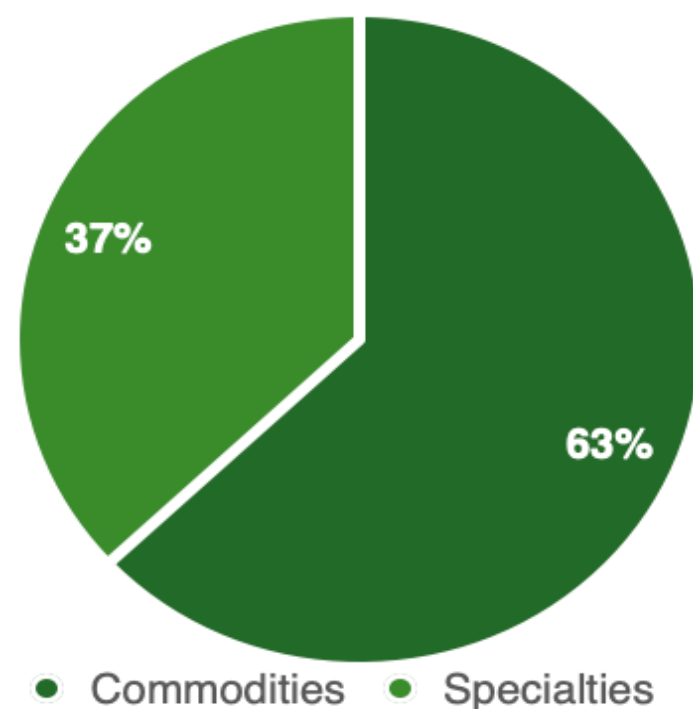
Consolidated Sales* 2023 to 2024 in Crores



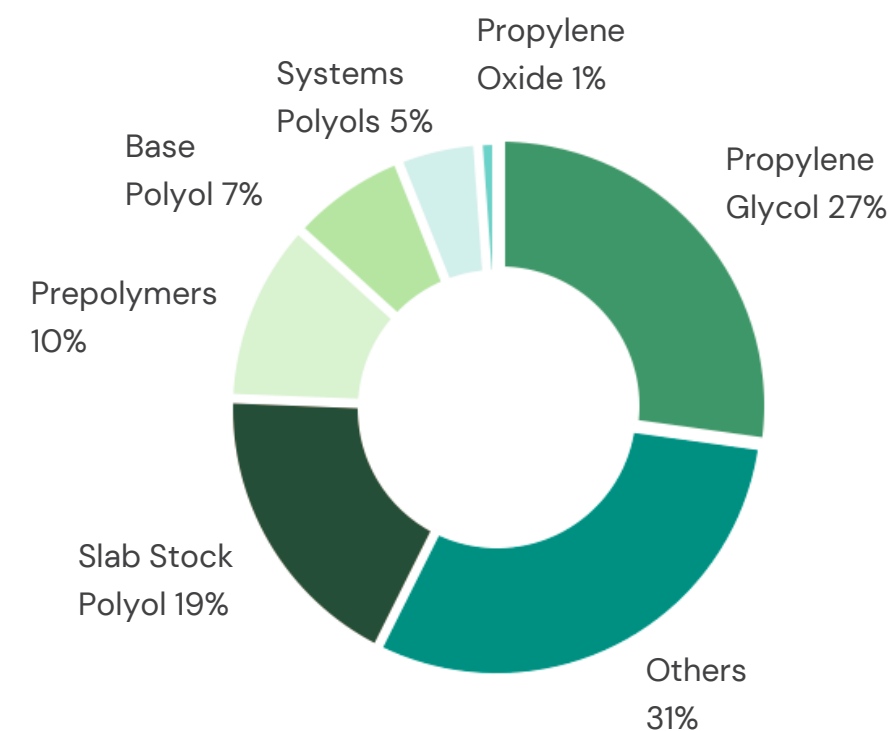
*Excluding other income



2024 Sales Breakdown, By Division



2024 Sales Breakdown, By Product



Key products:

- Sole manufacturer of Propylene Oxide (PO) in India.
- Market leader in Propylene Glycol (PG), Polyols, PGMME.
- Only integrated polyol manufacturer in India.

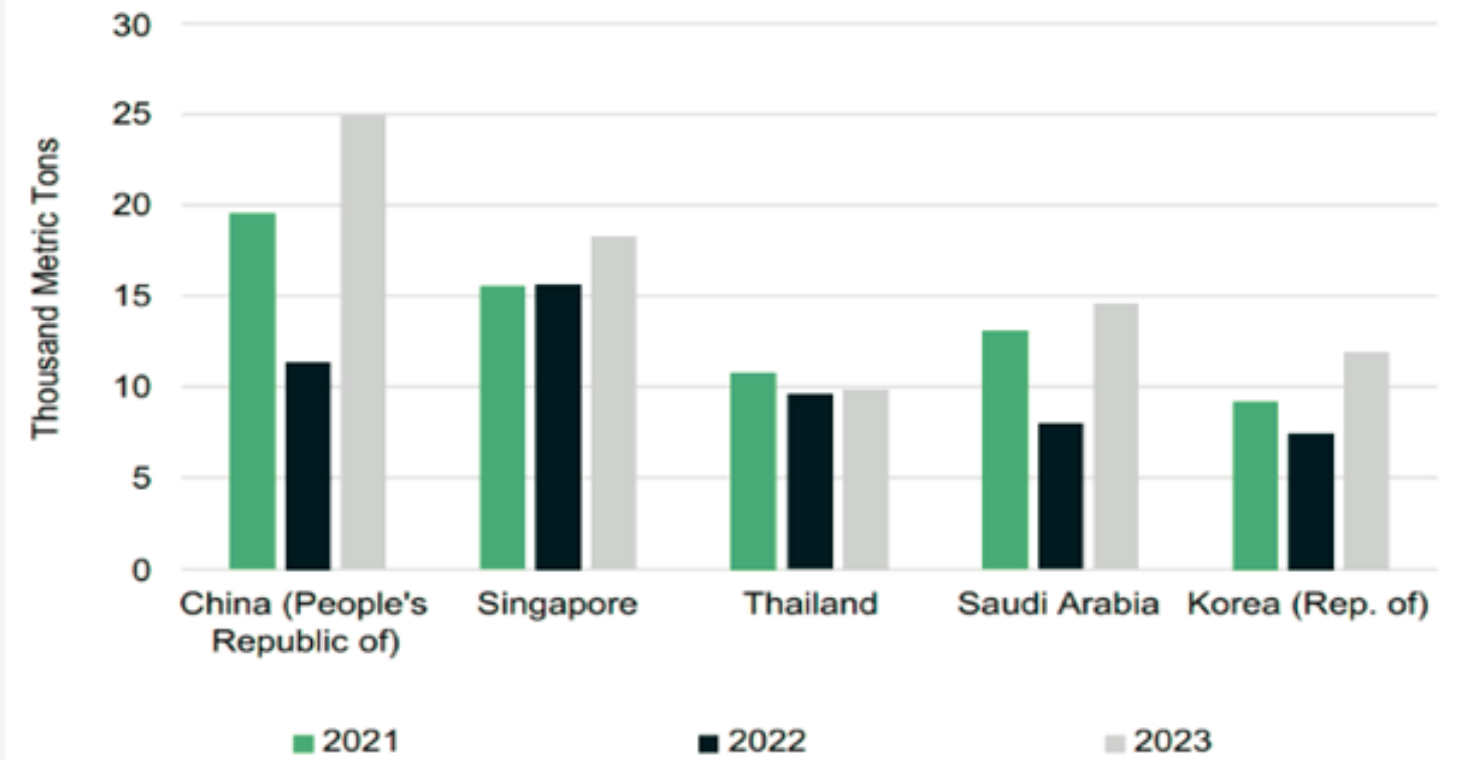
'Other' product category includes:

- Thermoware
- General rigids
- Cold cure moulds
- Notedome and PennWhite products

*Compared to c. 80%-20% in 2022



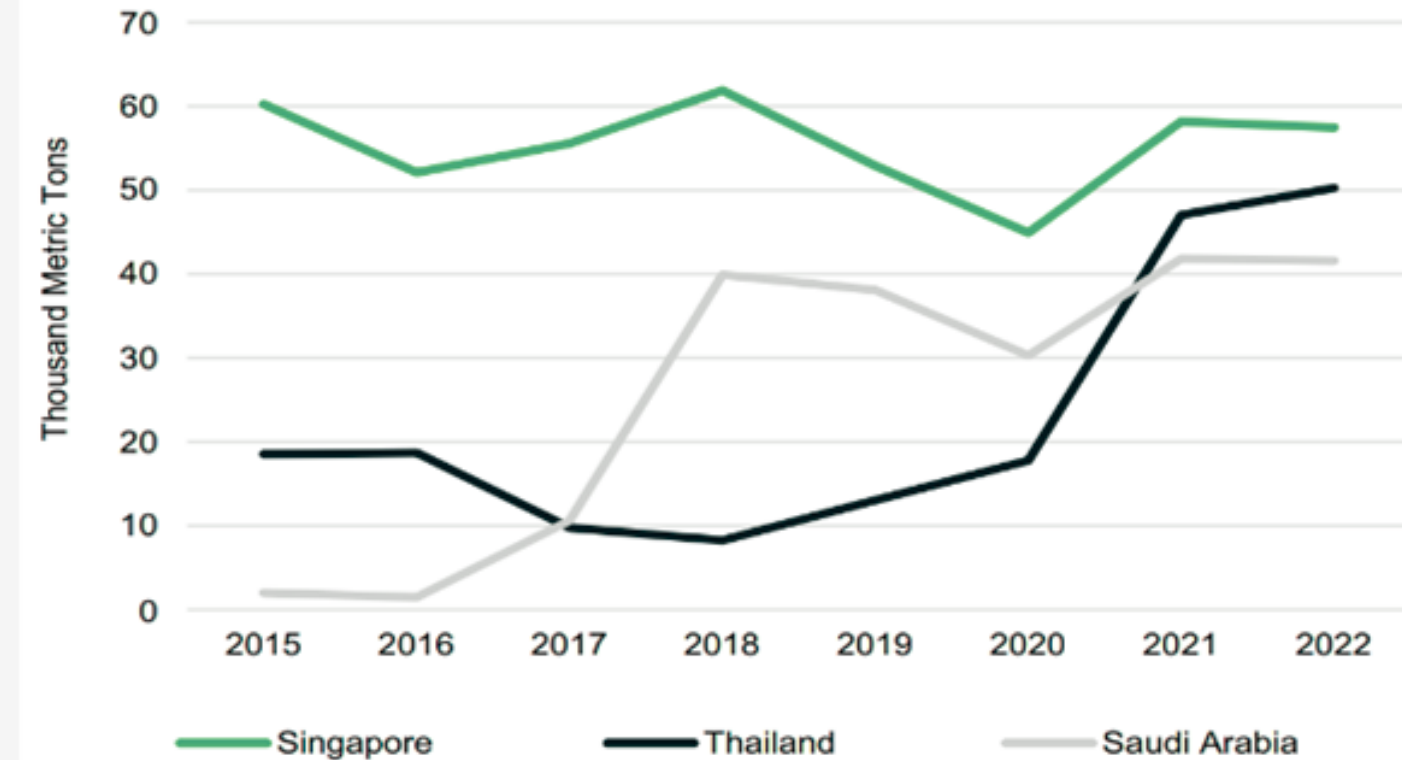
India Polyether Polyols Imports Year-to-Date (March)



Source: Chemical Market Analytics by OPIS

© 2023 Oil Price Information Service, LLC.

India Polyether Polyols Imports After Anti-dumping Investigation



Source: Chemical Market Analytics by OPIS

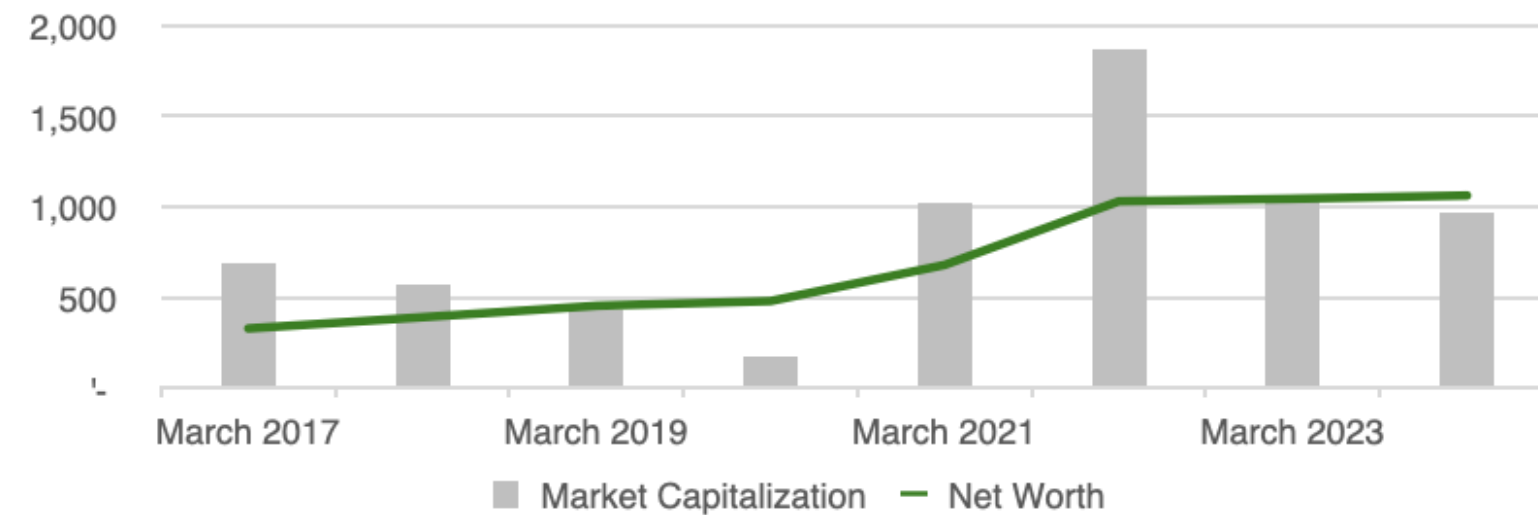
© 2023 Oil Price Information Service, LLC.

- Slowdown from China significantly increased imports putting pressure on the Net Realisable Value of commodity products like Slab stock.
- Increased in raw materials cost have impacted our margins doubled by the constant supply chain disruption and increase of transportation costs.
- Cyclone Michaung in the month of December 2023 majorly disrupted our operations for more than a month.
- Despite the imposition of anti-dumping duties, its impact on export volumes has been limited, pushing us to rely less on government intervention.

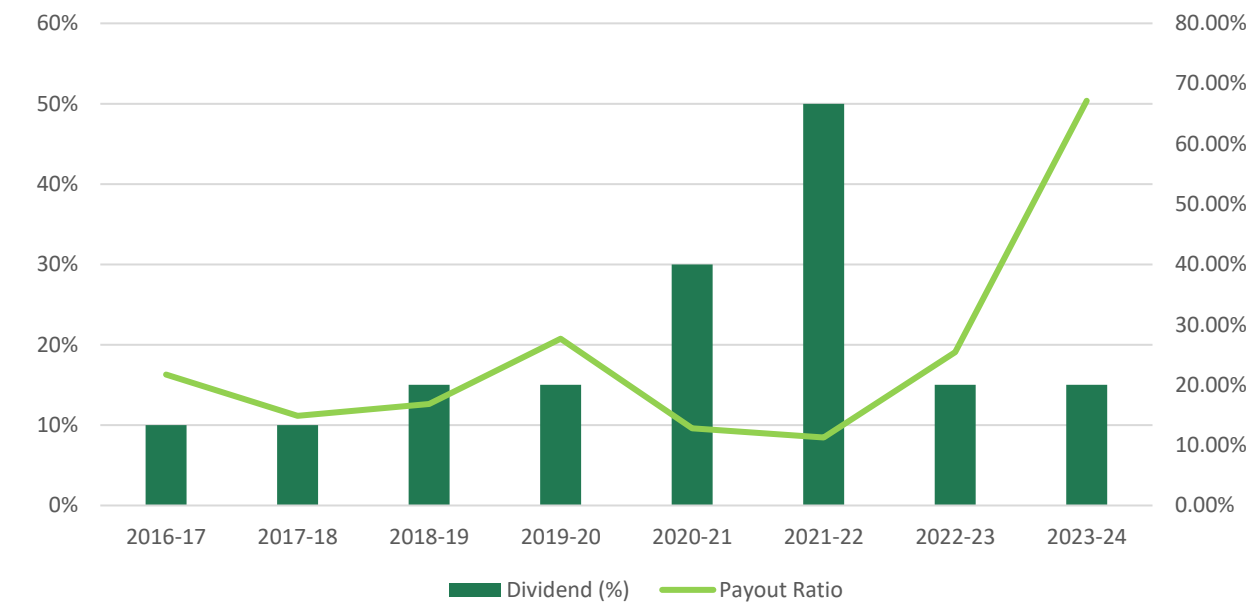


Steadily building value for our shareholders

Market Capitalization & Net Worth (INR Crores)

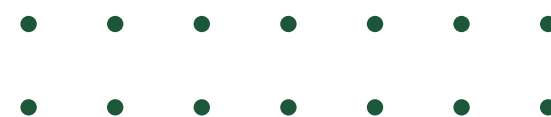


Dividend History



Good financial health supportive of possible increased funding and public market support.

Supporting and creating value for our shareholders by consistently paying a dividend since 2006.



ECONIC Technologies

- **Signed** a MoU in 2021 with a 2 phases project.
- **Vision** – to turn waste CO2 into a positive economic & environmental potential by producing various grades of Polyol like using CO2.
- **Currently** testing polyol samples received by ECONIC to then implement production into our pilot plant before industrial scale up.

Renewable Power

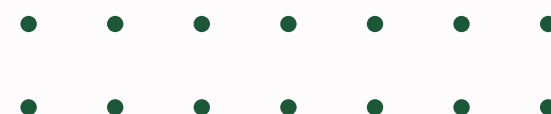
- **Signed** Power Purchase Agreement with First Energy , a subsidiary of Thermax & Amplus Solar, a subsidiary of Petronas.
- **Reducing** usage of conventional fuels generating CO2 and 68% of power consumption will be met through Renewable Energy.
- **Utilizing** renewable power through solar and wind sources from the 62 MW & 180 MW hybrid project commissioned by Thermax & Petronas, respectively.

Bio-polyurethane

- **Proactively** innovating with bio-based raw materials and intermediates.
- **Commenced** taking incremental steps towards our objective to offer eco-friendly products by working closely with our customers.
- **Working with two customers** – Supplying 100% bio-based crosslinkers for a UK customer and trailing bio-based MDI prepolymer for a European customer (75% Bio content)

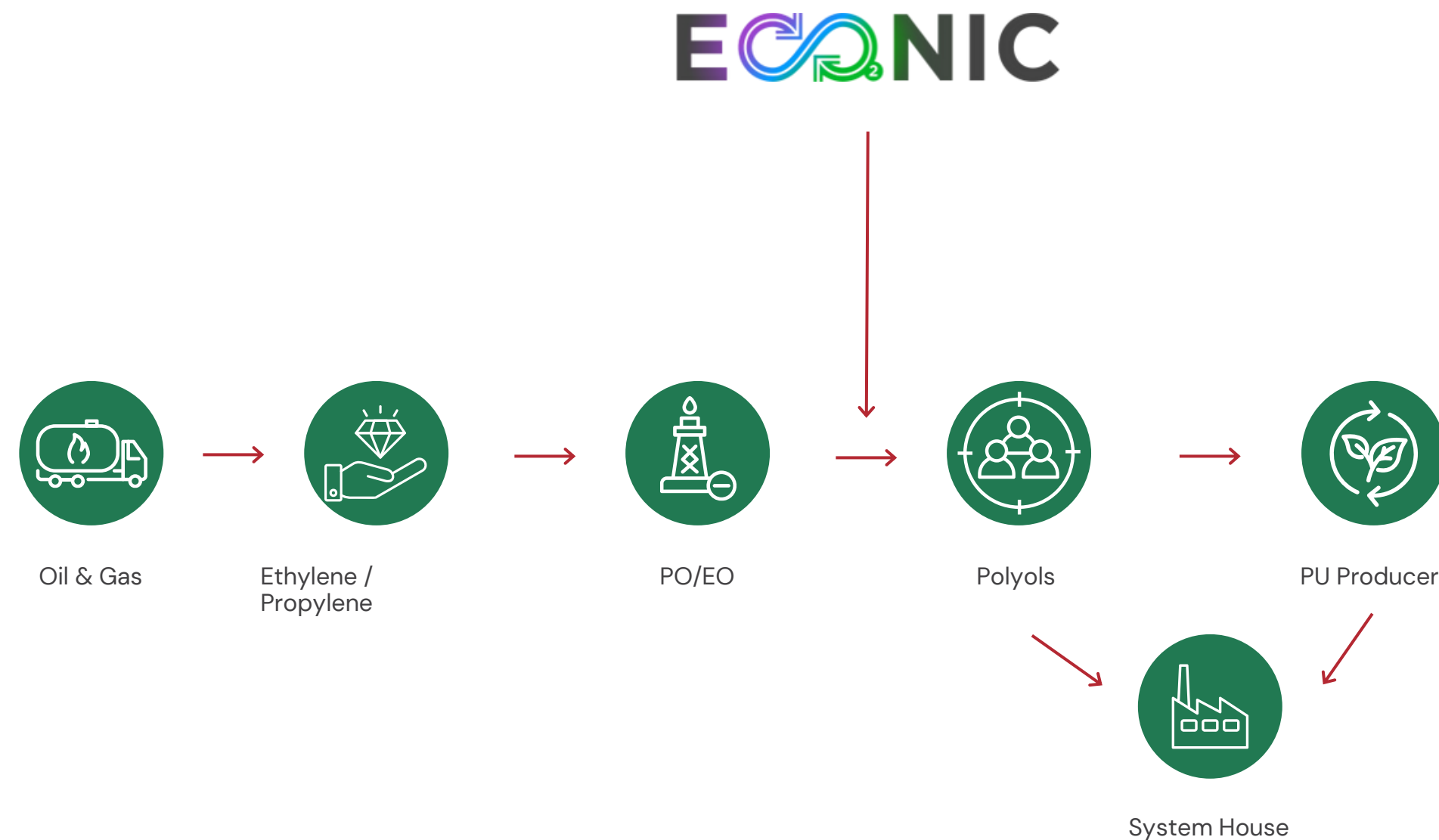
MPL is also working on the conversion of fuel, from Furnace Oil to Regasified Liquid Natural Gas (R-LNG). This will be implemented in Plant 2 and will help us to convert 100% to clean fuel which reduces the Particulate matter.

MPL is committed to develop eco-friendly products by investing in its R&D.



Creating a More Sustainable Future with ECONIC

- Econic's technology has the ability to work across the carbon chains and it means that MPL can produce a wide range in Polyol, the market for which is estimated at about USD 28 billion globally.
- The MoU facilitates the deployment of Econic's patented catalyst technologies in MPL's manufacturing processes.

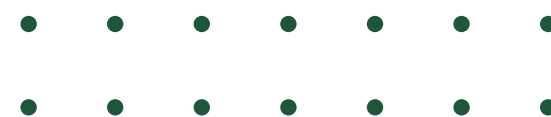


I am pleased with the progress MPL and Econic have made almost completing Phase 1 of pilot scale trials.

This is in the right direction of full filling the overall vision of the Group, in developing a unique catalyst technology that would facilitate partial substitution of fossil fuel-based raw materials with Co2, thereby helping us to have a more sustainable raw material base.



ASHWIN MUTHIAH,
Chairman MPL and
Chairman of AM International,
Promoter Group



E.T.P Technology to Reduce Effluents

- **Started** in 2023 a study to implement ZLD (Zero Liquid Discharge).
- **Vision** – to reduce majority or remove our effluent in our PO process.
- **Technology** – Collaborated with CSIR-NEERI to for the study. Alternatively, partnering with other technology providers to substitute CaOH (milk of lime) with NaOH as the neutralizing agent.
- **Advantage** – PO produced will have a very low to zero aldehyde impurity, meaning a much higher quality that can then be used for the DMC catalyst. Reuse of water in PO process thereby reducing water intake.

DMC Catalyst for Polyol Production

- **Started** in parallel to the ZLD study in 2023.
- **Requirement of high** – quality PO and low aldehyde concentration (impurity).
- **Progress** – Instead of waiting to see the progress on E.T.P technology, we have installed two PO skids using Ion Exchange technology to test higher quality PO into our polyols.
- **Products** – MPL will be more competitive with higher quality polyols.

Benefits are:

- Consumption of PO reduced.
- Batch time reduced.
- Higher quality polyol.
- Doesn't required downstream separation (unlike KOH catalyst).

To continuously enhance our customer centric approach towards product customization and to upgrade safety and environment standards for the betterment of the community at large.

R. CHANDRASEKAR
Managing Director, MPL.

Accelerating organic growth driven by
sustainability.



Macro-economic Outlook



Last years' trajectory for our market has been marked by increased capacity mainly from China, historically low earnings and softening demand downstream.

- Globally, in 2020 consumers shifted their spending from services to good purchases.
- Supply chain disruptions and strong demand led the following years with record earnings for most of the players in our value chain including Manali Petrochemicals.

However, in 2022 we started to see a strong slow down led by the supply chain reopening, inflation growing and bulking of inventories from retailers.

Geopolitical and commercial uncertainty is rising... but market is stabilizing.

- The war between Russia and Ukraine is impacting local demand in Europe encouraged by higher energy costs and constant political tensions.
- China's recovery was nowhere near expectations affecting countries like India with low-cost product being imported.
- Global value chains incentivize free-trade and lower protectionism, but we see opposite moves from countries like the US and India. Specialized trade strategies should be the way forward.
- Historically low plant utilization in the year 2022 with a more than 10 points drop from highs in 2018.

67%
Median Plant
Utilisation
rates for the
year 2023**

2.3% Annual
Global real
GDP growth
2024***

>\$76
Brent
Crude Oil*

11 MTA New
Capacity of
Propylene in
2023

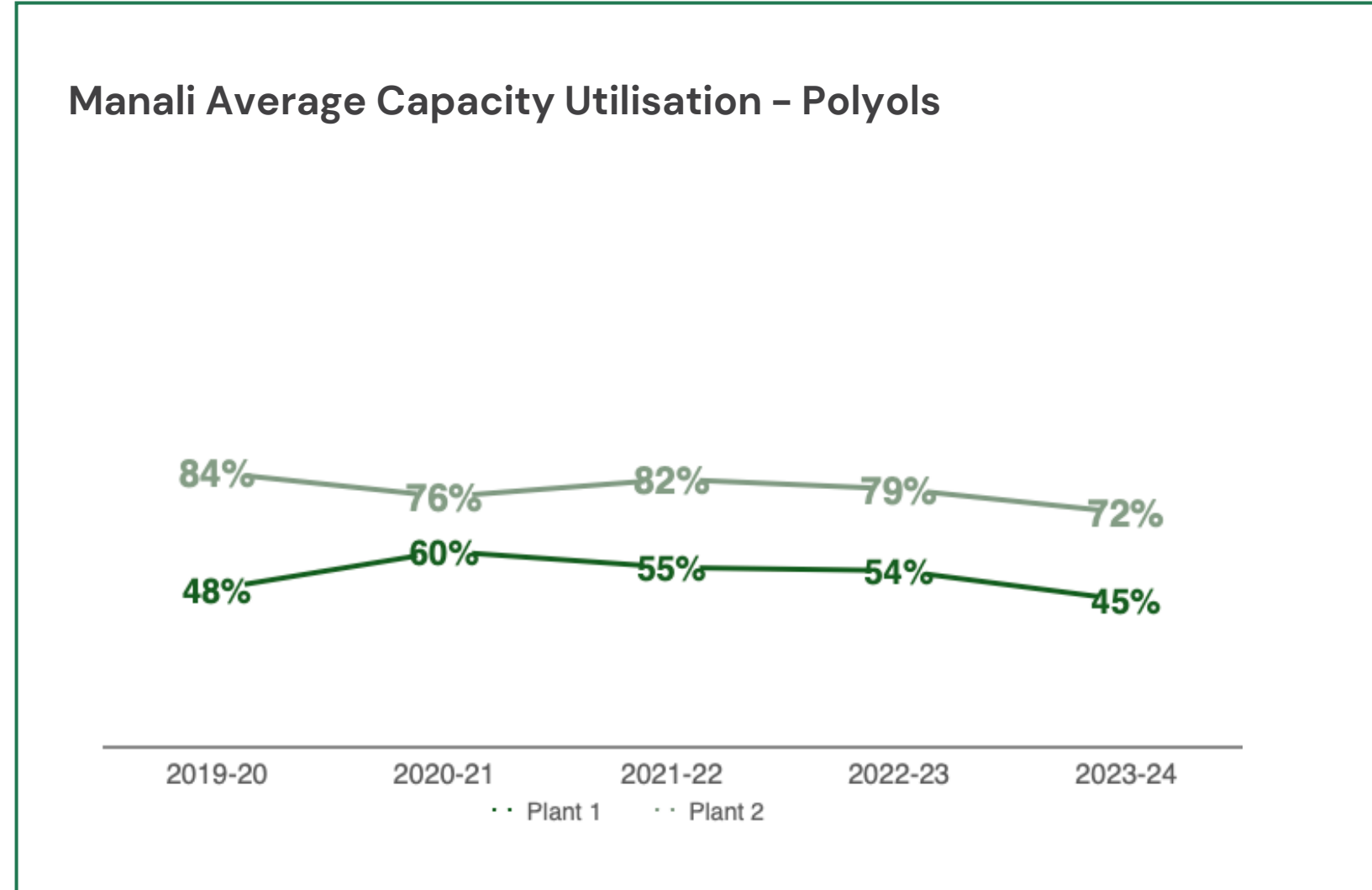
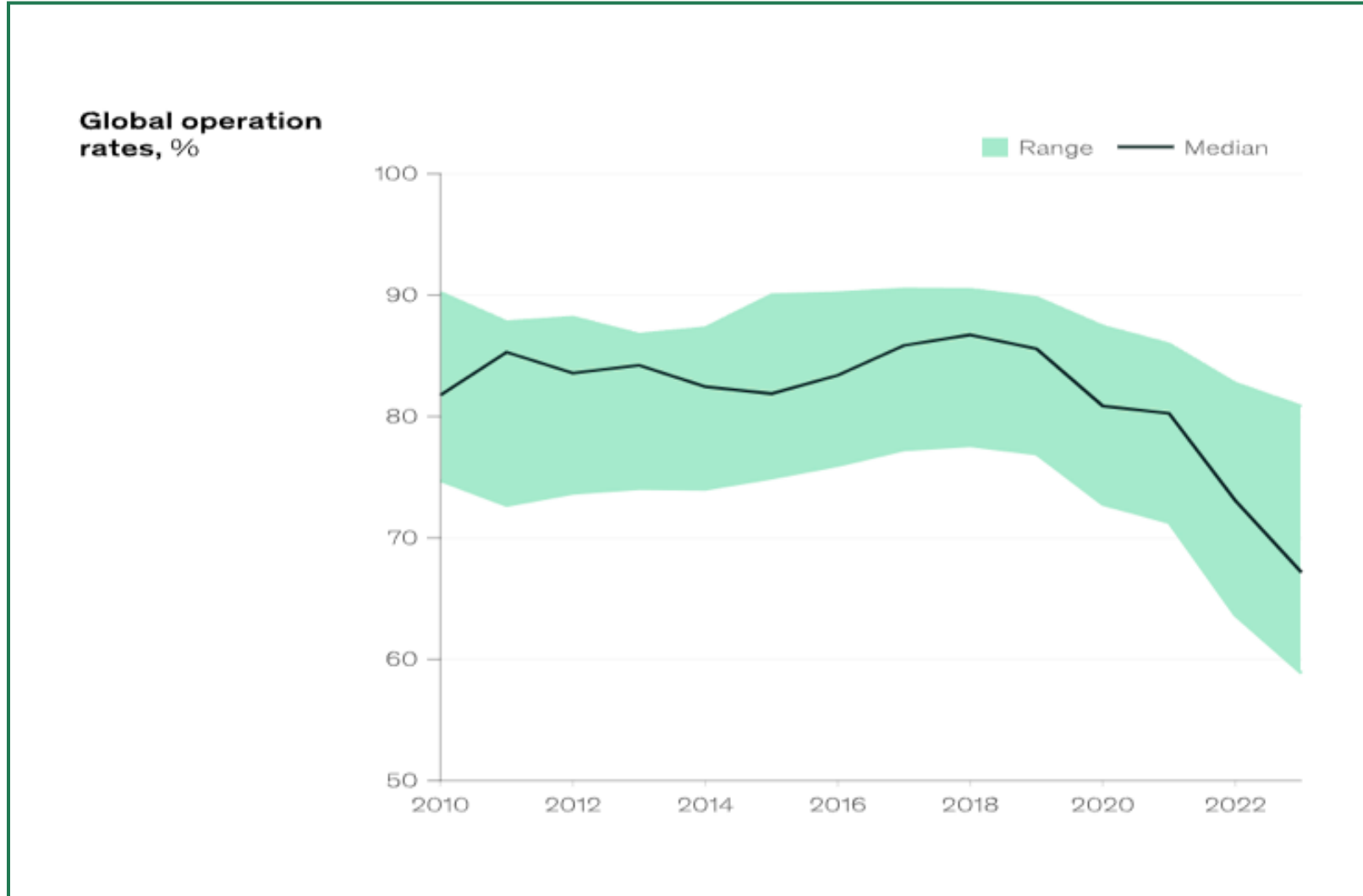
*As at 30/08/2024

** Ethylene, Propylene, Benzene and others

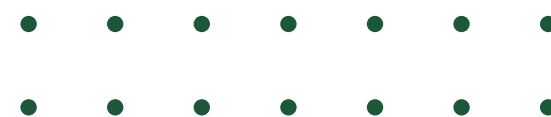
*** down from 2.6% in 2023



So where are we now?

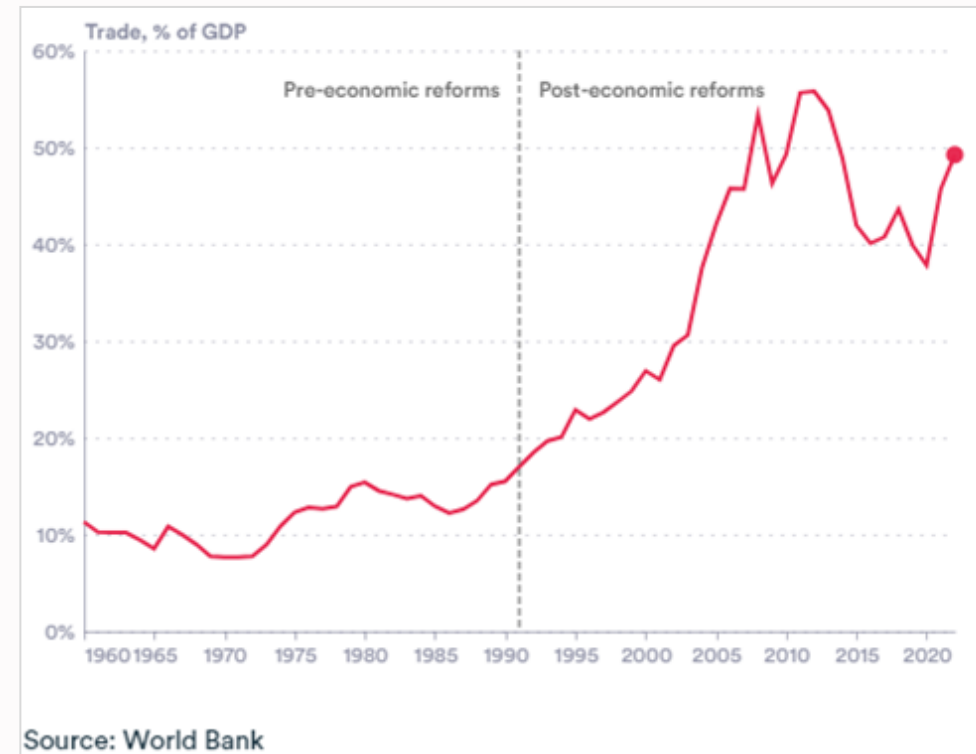


- Globally, after historically low utilization rates for PO (Propylene oxide) and other chemicals we should see a certain return to normal where orders will slowly match current and future capacity.
- After restructuring efforts, project optimizations, sale of non-core assets etc. we should see better financial results for the companies in our sector.
- Sustainability will keep revolutionizing the chemical industry with the emergence of the Circular Economy, but timeframe will be extended with more realistic assumptions.
- All our eyes will be on China's return to growth and their plan to build more crackers in the years 2027-2029.



India has shown a higher growth during 2023–24 than expected pushed by a strong momentum in the manufacturing sector, however private consumer demand is still a concern.

- India has had the highest economic growth last year among large economies globally. However, inflation has ramped up much faster than real wages increase, and job creation is still a problem.
- Manufacturing sector, public investment and luxury residential real estate have been driving most of the growth in India, but private consumption expenditure as been the slowest in 20 years.
- India has long been seen as an independent mover, prioritizing and protecting its domestic industry. However, that evolved in the past years with more FTAs agreed with countries like Australia and UAE.
- The key for India will be to understand the real benefits of its strategy with regards to international commercial cooperations.
- For India, the effectiveness of the FTAs is still weakened by domestic priorities which can be materialized by tariffs and reliance on its industrial scale and competitive cost position



More specifically between the UK and India the roadmap becomes clearer with a focus on political and economic cooperation. The two countries are currently negotiating a Free Trade Agreement.

15% Target of Natural Gas share of India's primary energy mix by 2030

9.9% India Manufacturing sector growth 2023–24

8.2% India GDP Growth 2023–24

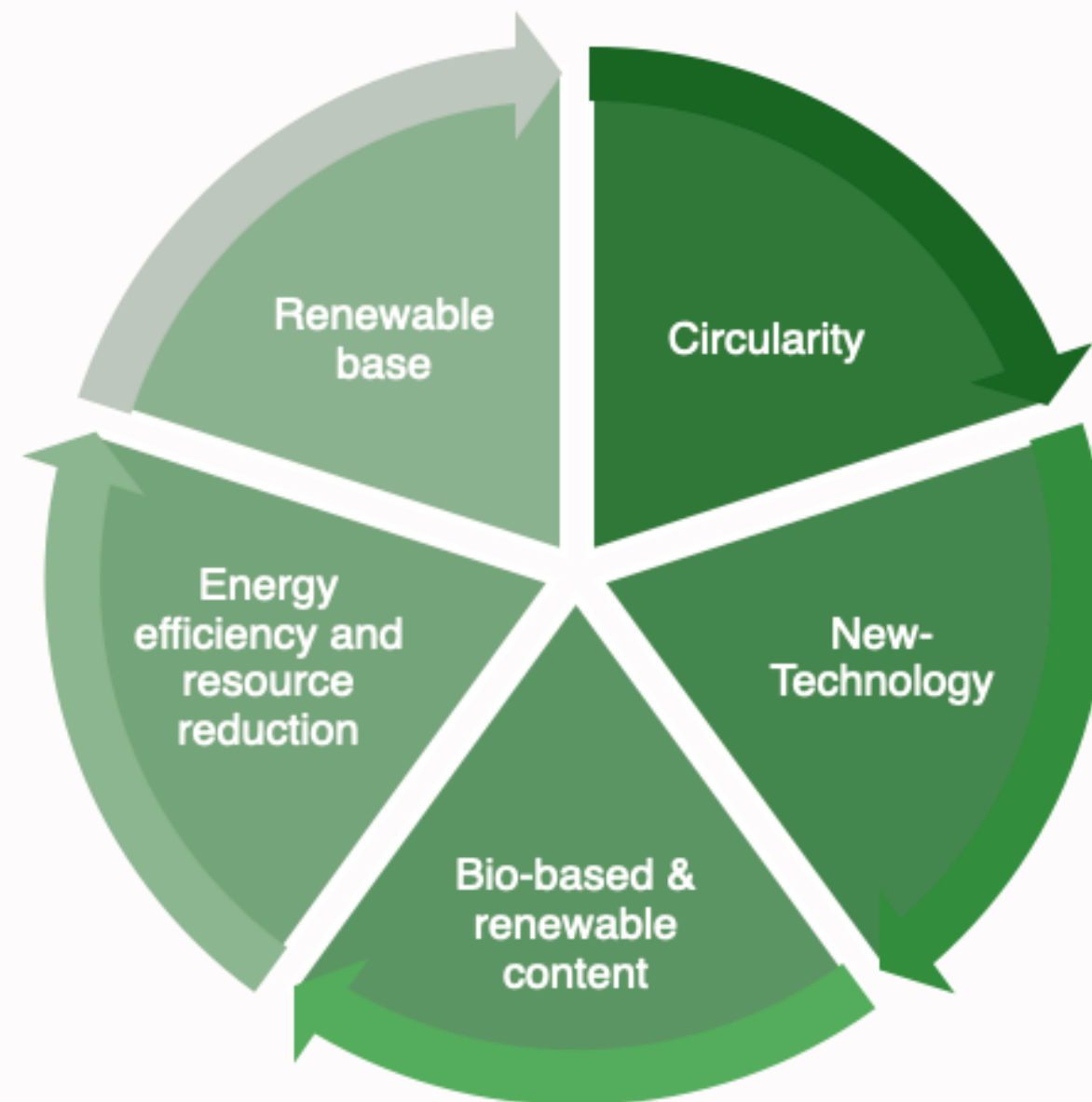
1.7 India Trade Engagement Index as of end 2022*

*According to BCG report, 2022

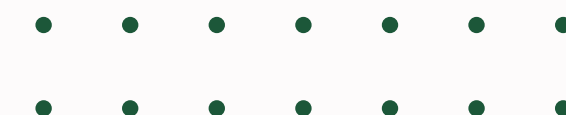


Reducing greenhouse gases is primordial to build a sustainable future and for the companies to remain competitive.

- According to external research 65% of the largest chemical end user in Europe committed to reducing GHG emissions by 2030.
- 37% have pledged net-zero targets by 2050.
- Overall, the “Decarbonize and Grow” strategy should be a phased approached instead of an abrupt break-up with current material and industrial processes.



- Companies are now looking at retrofitting their existing assets using lower-carbon technologies. This could be the case for Manali with ECONIC for example. This comes with an advantage of lowering large capex investment with uncertainty on the outcome at industrial scale. Companies are indeed now focusing on sustained investments.
- Government policies are moving fast but implementation will take times as the real movers are the companies. However, strong decision have been taken like the reduction of free allowance under the EU Emissions Trading System for example.



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