

Ref: MPL / SectI / BSE & NSE / E-2 & E-3 / 2016

December 16, 2016

Bombay Stock Exchange Limited
1st Floor, New Trading Ring,
Rotunda Building, P J Tower,
Dalal Street, Fort,
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex,
Bandra (East)
Mumbai – 400 051

Dear Sir,

Sub: Updates

a. Details of insurance claim received for flood related damages in December 2015

We had vide our letter dated 7th December 2015 informed the exchange about the stoppage of plant operations since 2nd December 2015 on account of flood and the resultant power disruption. We had vide letter dated 4th January 2016 updated the details of recommencement of the plant operations and further informed that the Company has adequate industrial All Risks Cover including loss of profits. The Company made claims with the insurer under the said cover for damages to materials and assets and also for loss of profit on account of production loss.

We now wish to inform that the claim of the Company has been accepted, assessed and since settled by the Insurer. The Company had made a total claim of ₹ 16.65 crore **including for loss of profits** against which ₹ 15.22 crore has been realized. The actual damage is about ₹ 10.68 crore of materials and assets which does not include the loss of profits.

b. Other updates

Queries have been received from some of the investors seeking further information on the acquisition of the overseas System House and also the 2nd quarter result. In this regard we wish to provide the following updates:

Notedome acquisition

As informed earlier Notedome is a three decade old System House and at present has a manufacturing base in Coventry, UK with no major liabilities.

Both MPL and Notedome are in the Petrochemicals business though in different segments. Notedome supplies to more than 45 countries. MPL has been looking at expanding its export volumes and so would take advantage of the Notedome's presence to market its products overseas. As regards the potential for Notedome's products in India, a full-fledged analysis is yet to be done, but it has been stated that it is at present nascent and is an unorganized market that is expected to develop over the next few years.



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Manali Petrochemicals Limited

MPL, in due course, would also look at using the technology and bringing the products of Notedome to India and add to MPL's portfolio. Thus, the acquisition is expected to help MPL in spreading the risks better across products and markets.

MPL will monitor Notedome's performance from a production and market perspective to decide on future expansion.

It is expected that Brexit may not significantly impact the Company. In any case the shape and form with which Brexit will evolve is still a couple of years away and so is not an immediate concern.

Results for the 2nd quarter of FY 2016-17

As disclosed earlier, approval from PCB for utilizing expanded capacity was received during the 2nd quarter and production being normalized based on the domestic demand, imports, pricing, etc. The capacity utilization is linked to the market conditions, margins, competition etc. and is closely monitored and kept at optimum levels. The objective is to maximize capacity utilization with due weightage for the market conditions and changes in prices.

As regards the impact of demonetization, it is too early to take a view. However, it may be pertinent to note that MPL caters mainly to furniture (bedding etc.) thermo ware, automobile, refrigeration sectors. While the last two are in large scales and more organized the furniture and bedding and a part of the thermoware industries are relatively smaller and may have issues with thrust on the new e-payments system instead of core cash transactions. If the government's initiatives for cashless transactions are received well by the small players, there may not be any big impact in the medium and long term. We would have to wait and see

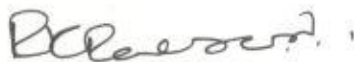
As regards the higher depreciation, it is due to revisit on the remaining useful lives of some of the equipment based on internal studies and discussions with the Auditors.

We request you to kindly take note of the above.

Thanking you,

Yours faithfully,

For Manali Petrochemicals Limited



R Kothandaraman

Company Secretary