MANALI
PETROCHEMICALS

Manali Petrochemicals Limited
Ponneri High Road, Manali, Chennai - 600 068.
Phone : 044 - 25941025
Fax : 044-25941199

Ref: Mpl / Sectl / 05 / 2015
20th May 2015

The Manager
Listing Department
Bombay Stock Exchange Limited,
25th Floor, P J Towers
Dalal Street
Mumbai – 400 001
Fax: 022 22723121 / 2037 / 39 / 41
corp.relations@bseindia.com

The Manager
Listing Department
National Stock Exchange of India Limited
'Exchange Plaza' C-1, Block G
Bandra Kurla Complex, Bandra [East]
Mumbai – 400 051
Fax: 022 26598237 / 38 / 8347 / 48
cmlist@nseindia.com

Dear Sirs:

Sub: Company Updates - press release

Please find attached an update on the expansion plans of the Company issued as a press release.

Thanking you
Yours faithfully
For Manali Petrochemicals Limited

R Kothandaraman
Company Secretary

Encl.: As stated

MPL to expand capacity to meet demand for polyols

Chennai & Mumbai, May 20, 2015: In a bid to consolidate its position and meet the aggressive challenge from multinationals, Manali Petrochemicals Ltd (MPL) is increasing its capacity to produce polyols from the current 50000 TPA to 150,000 TPA using an innovative technical process to produce additional Propylene Oxide (PO).

This brown filed investment will help MPL produce cost-effective PO in the manufacture of products like Polyurethane Foams (PU), which find extensive use in the automotive, construction, refrigeration and other industrial products.

Polyol demand in India is estimated to be roughly 500000 MT in a market dominated by transnational petrochemical companies such as Dow, Shell, Bayer, BASF and Huntsman.

Manali Petro, the only Indian supplier, often feels the impact of aggressive pricing through cheap imports by MNC companies. However, through innovation, tight cost control and strong technical support, Manali Petro has established itself in the Indian market.

Commenting on the capacity expansion, **MPL Chairman Ashwin C Muthiah** said, "It is a reaffirmation of our faith in the India growth story. This move will give Manali Petrochemicals significant scale and ability to further penetrate the market. The latest technology will ensure efficient and global manufacturing best practices. "

"The expansion is in line with our endeavour to serve our growing customer base with better products and providing superior customer experience and service." he added

The necessary approvals are being sought for this capacity increase. The key raw material for the production of PU and PG is PO. Over the years MPL has enhanced its production capacity for both PO and Polyols and at present has a combined capacity of 36,000 TPA of PO and 50,000 TPA of Polyol of single grade. Due to technical issues PO capacity cannot be augmented further and hence MPL was depending on imported PO, which is expensive and affects margin.

The investment envisaged for this is approximately INR 100 crore and would be staggered over 4-5 years. The first phase would be complete by March 2016, taking MPL's production from 50,000 MPTA to 75,000 MTPA.

The subsequent phases, each with 25000 MT capacity additions, would be commissioned every 12 months. Incremental turnover would be approximately INR 280-300 Cr with every additional phase.

About Manali Petrochemicals Limited:

Manali Petrochemical Ltd. (MPL), an affiliate of Ashwin Muthiah International, is a leading Indian player manufacturing Propylene Oxide / Propylene Glycol (PO / PG) and Polyols used as industrial raw materials.