



Indo Rama Synthetics (India) Ltd.

Quarter 4 Results : 2006-07
Analyst Meet

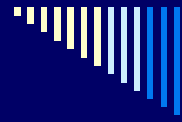
MUMBAI
17 May, 2007

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The Meet Highlights

- ❖ Indian Textile Industry
 - Importance to National Economy
 - Advantage India
 - Advantage Textile Is Advantage Polyester
 - Principal Growth Drivers
 - Advantage Polyester Is Advantage India
- ❖ Emerging Polyester Scenario
- ❖ Crude & Raw Material Outlook
- ❖ Update on Indo Rama Synthetics Expansion Project
- ❖ Indo Rama Synthetics - Financial Performance Q4 07
- ❖ Rewarding Shareholders
 - Merger of IRPL with IRSL
 - Dividend Announcement
- ❖ Summary



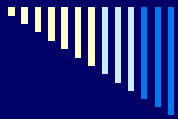
Indian Textile Industry - Importance to National Economy



Indian Textile Industry - Importance to Indian Economy

- Total market size (2006-07): USD 57.6 bn
 - Domestic market ~ USD 37.9 bn
 - Exports ~ USD 19.7 bn
- Expected market size of USD 110 bn in 2012
 - Domestic market ~ USD 60bn
 - Exports ~ USD 50 bn
- Strong contribution to Indian Economy
 - 5.1% contribution to GDP
 - 14% contribution to industrial production
 - 17% contribution to export earnings
 - 9% contribution to excise collections
 - 18% contribution to employment in the industrial sector
 - Direct/Indirect employment to more than 93 million people (second to Agriculture sector)

Source: Ministry of Textiles, Eleventh Five year Plan **4**



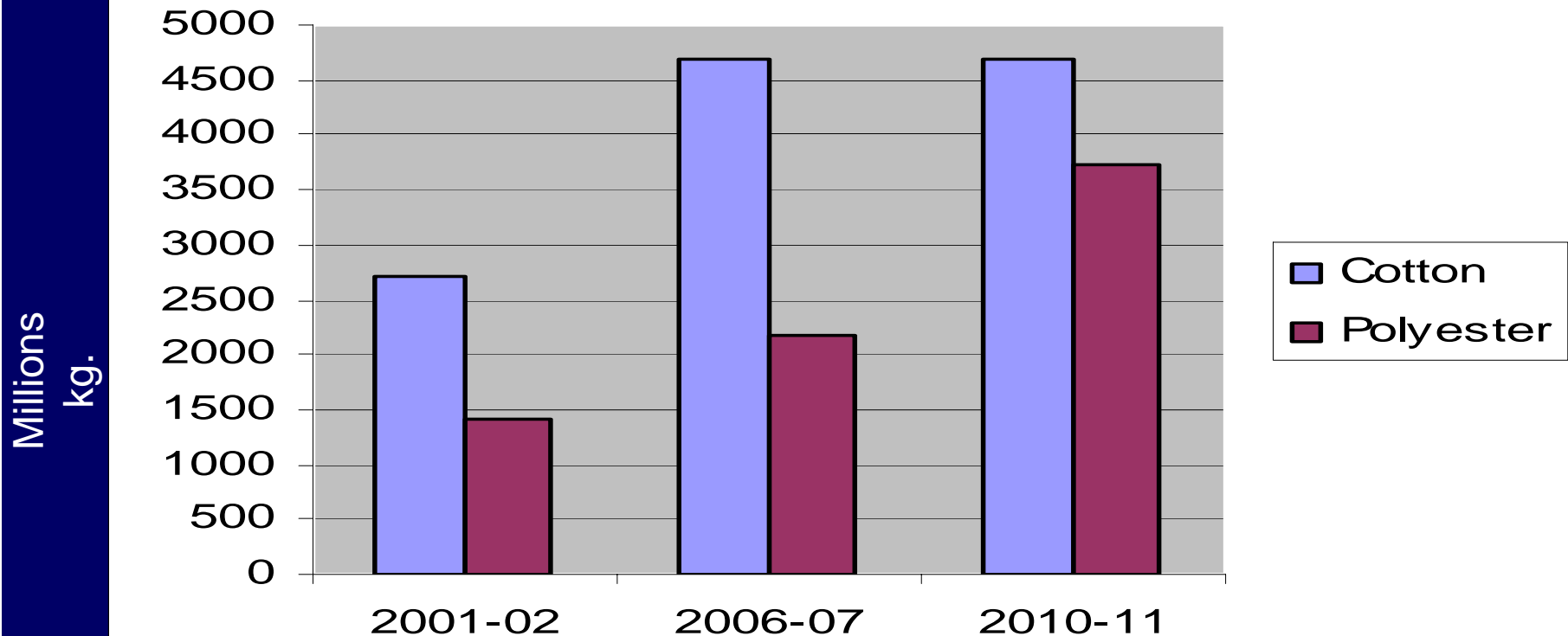
Advantage India

- India's position is strong vis-à-vis other countries in most raw materials in textiles
 - Fifth largest producer of synthetic fibres/yarn
- Flexibility in production
 - Capabilities across the entire value chain within the country reduces lead time for production and reduces intermediate shipping time
 - Indian companies have flexibility and skilled manpower to handle small orders with complex designs
- Low wages : rate at 0.75 US\$ per operator hour
- Have Low Country Risk
- Positive developments in the Textile Policy
 - Reservation for small scale sector, especially key segments removed over last few years
 - Fiscal anomalies in terms of excise duty structure removed
- Product development and design capabilities

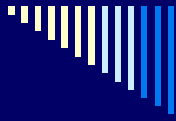
Source: Ministry of Textiles

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High Growth in Indian Textile Industry



Cotton and Polyester Production have grown at a CAGR of 11.7% and 9% respectively between 2001-02 to 2006-07

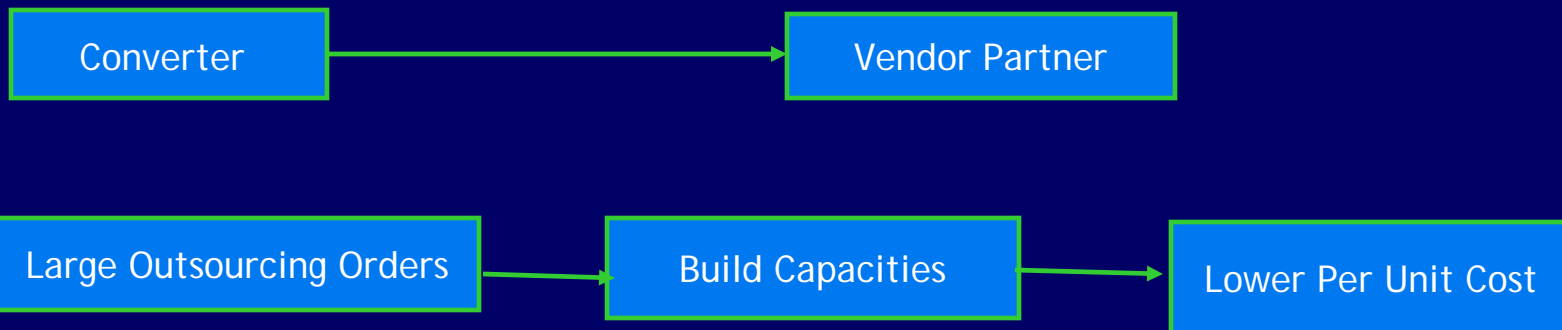


Principal Growth Drivers

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❖ Drivers of exports

- Rising outsourcing budgets of retail giants
- Evolution of Indian Textile Companies:



- Imposition of caps on certain import segments from China by EU and US

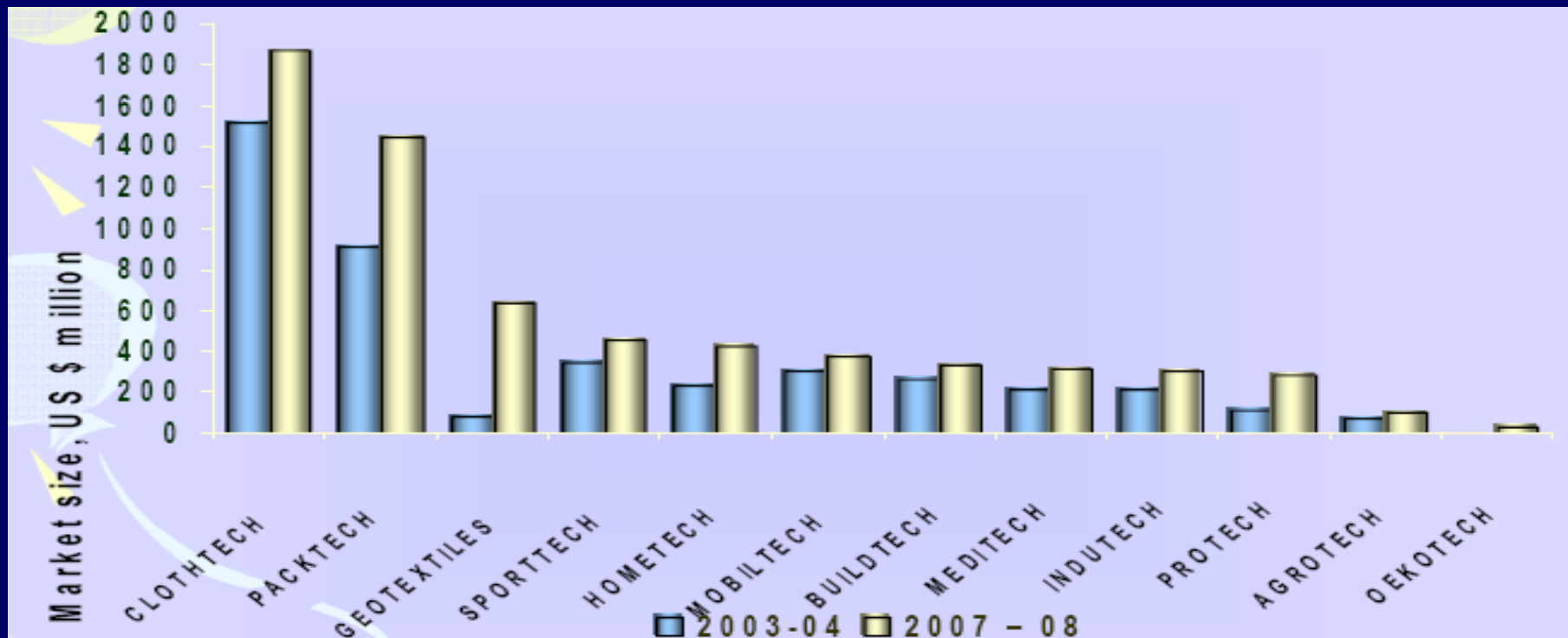


Principal Growth Drivers

❖ Drivers of domestic market

- Domestic household market growth to be driven by :
 - ❑ Increase in penetration of organised retail,
 - ❑ Favourable demographics
 - ❑ Rising consumption and income levels
- Domestic non-clothing consumption growth would be driven by :
 - ❑ Rising usage of technical textiles
 - ❑ Rapid industrial growth
 - ❑ Increased activity in construction of residential and commercial properties

Huge Untapped Opportunity In Technical Textiles In India



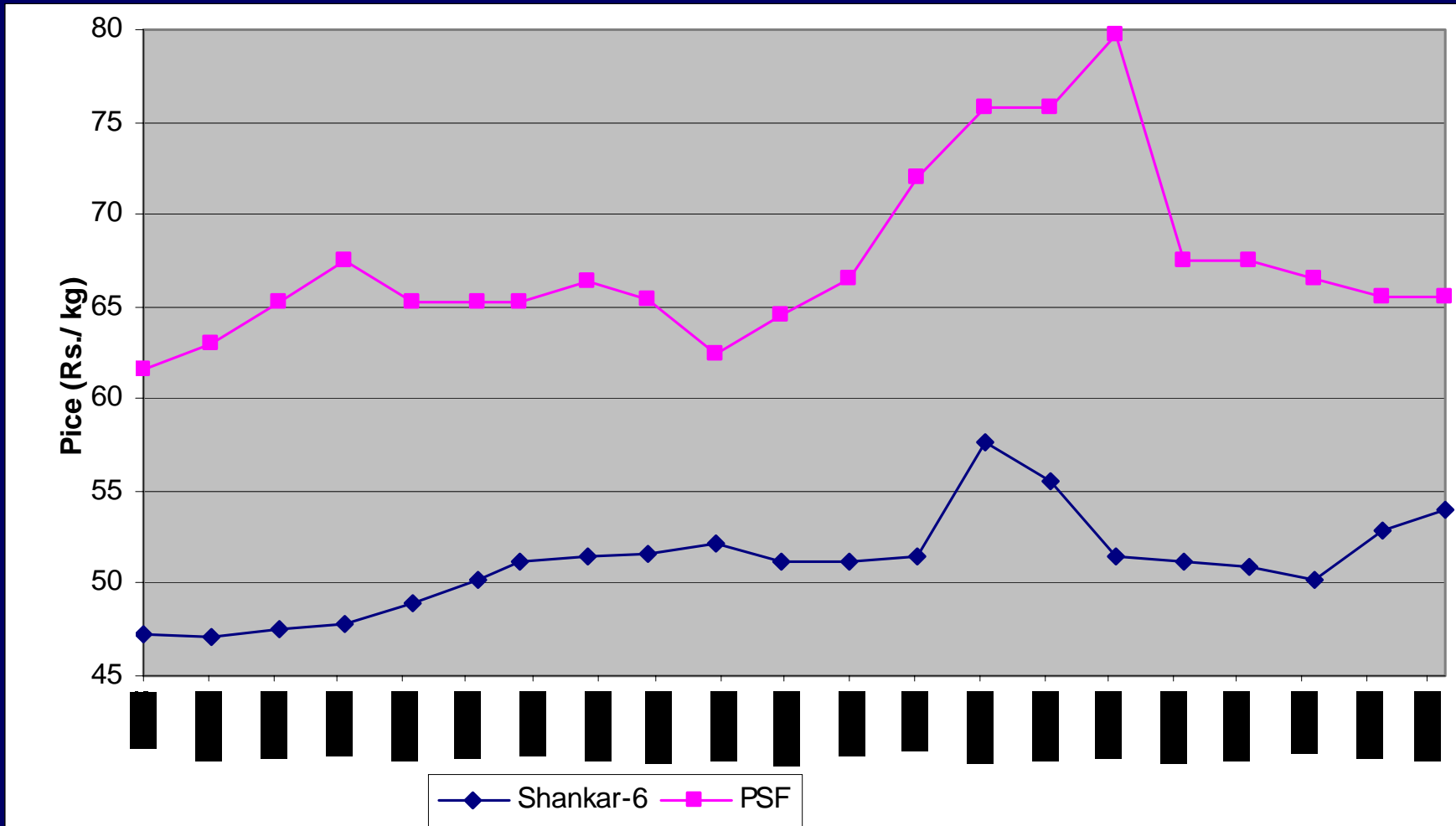
Technical Textiles comprise about 10% of total textiles & clothing industry in value term which is expected to grow at 12% CAGR

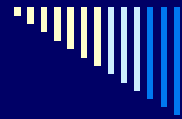
Source: ECTT report 2004, O/t Textiles Commissioner, Mumbai

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Hardening Of Cotton Prices





Emerging Polyester Scenario

Presence of Fiber Base - Polyester

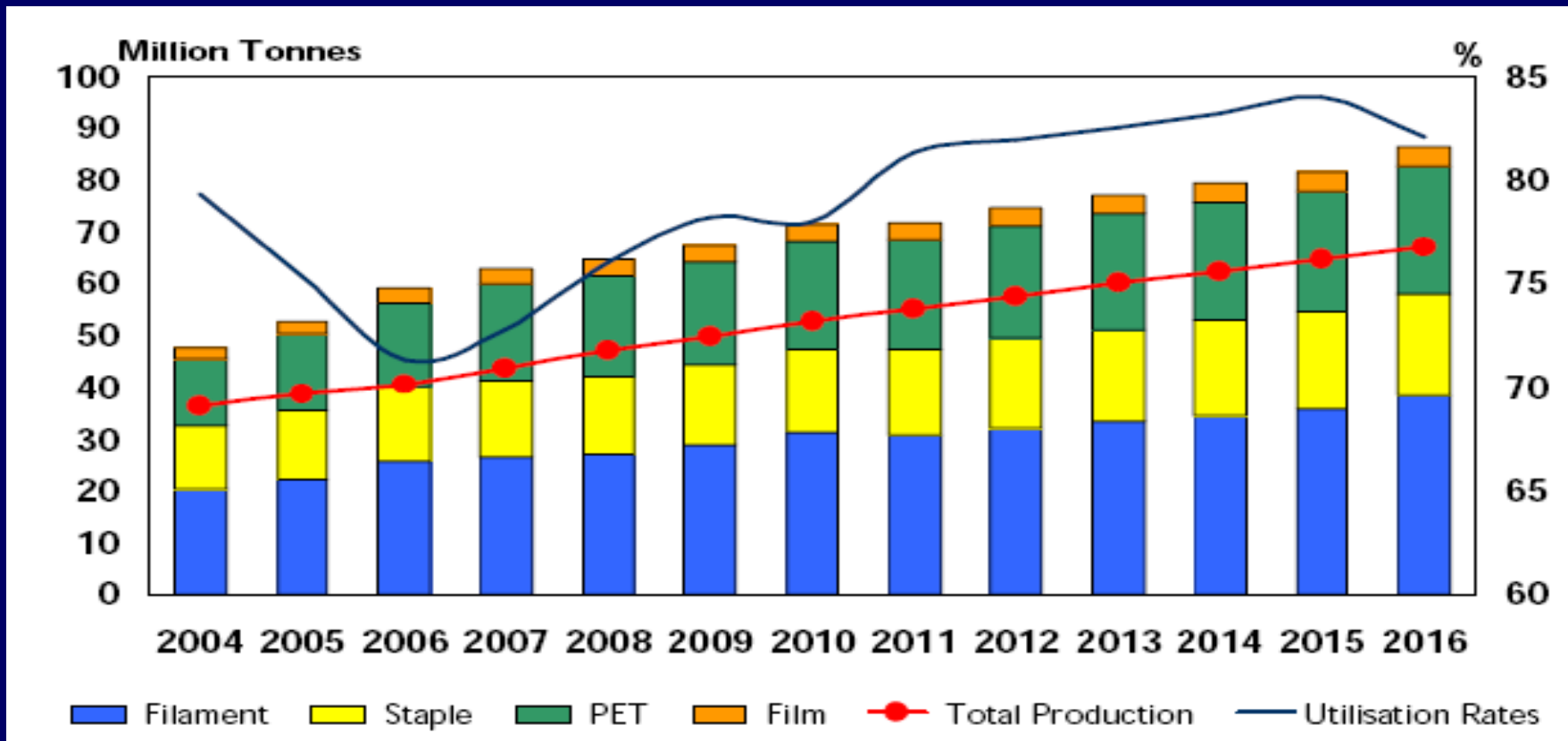
Country wise Break-up of Polyester Production



India is increasingly evolving as a major global Polyester player

Source: PCI **13**

World Polyester Demand & Supply

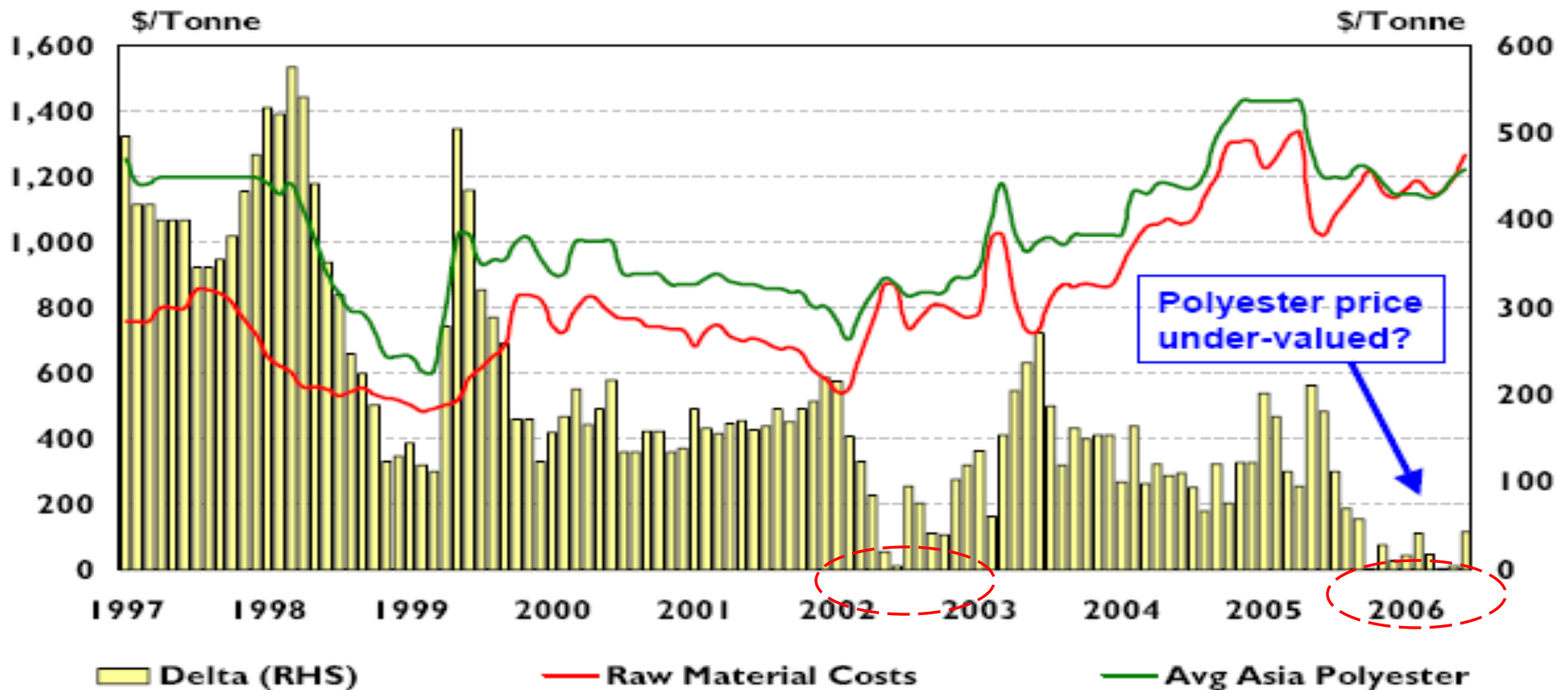


Globally Polyester Demand is forecast to go up steadily after the bottoming out in 2005/2006

Source: PCI

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Polyester tolling margins at historical low



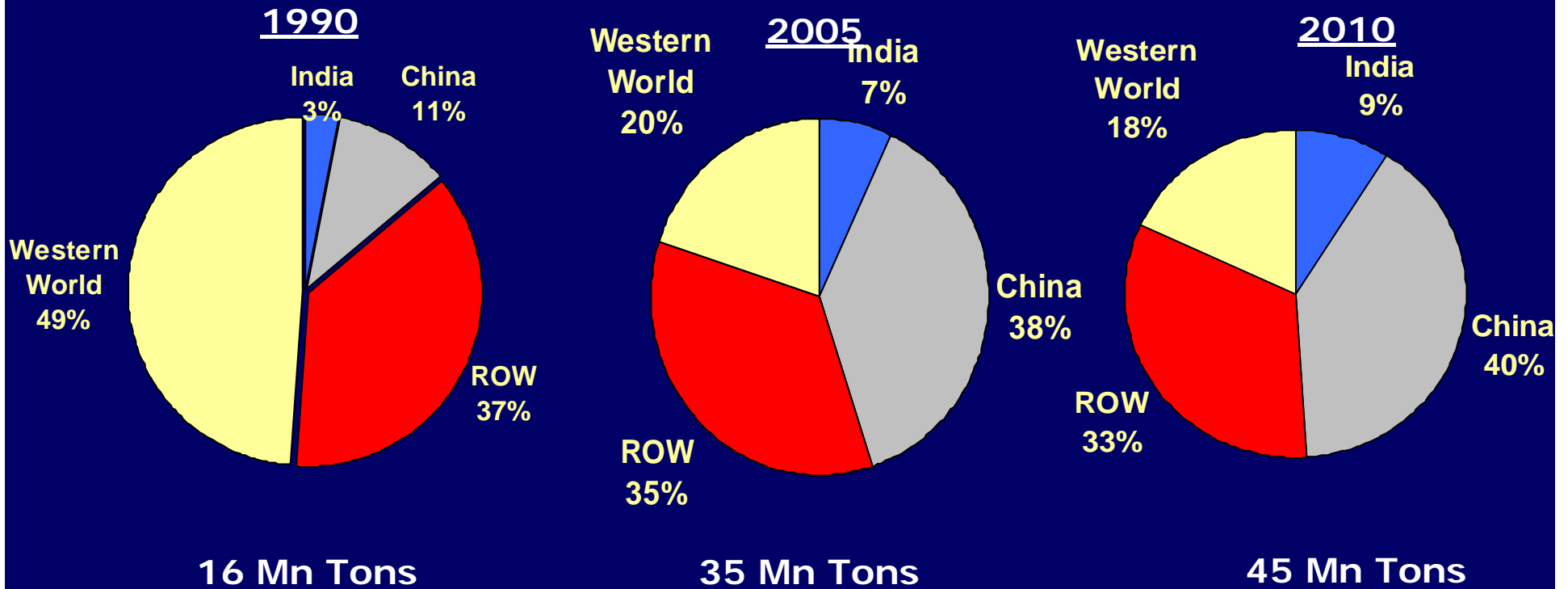
All time low Polyester margins is leading to closure of plants in Korea, Taiwan and USA creating big opportunity for Indian Polyester Industry

Source: PCI

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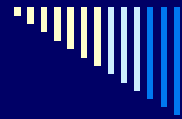
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World - Synthetics Fiber Manufacturing Shift



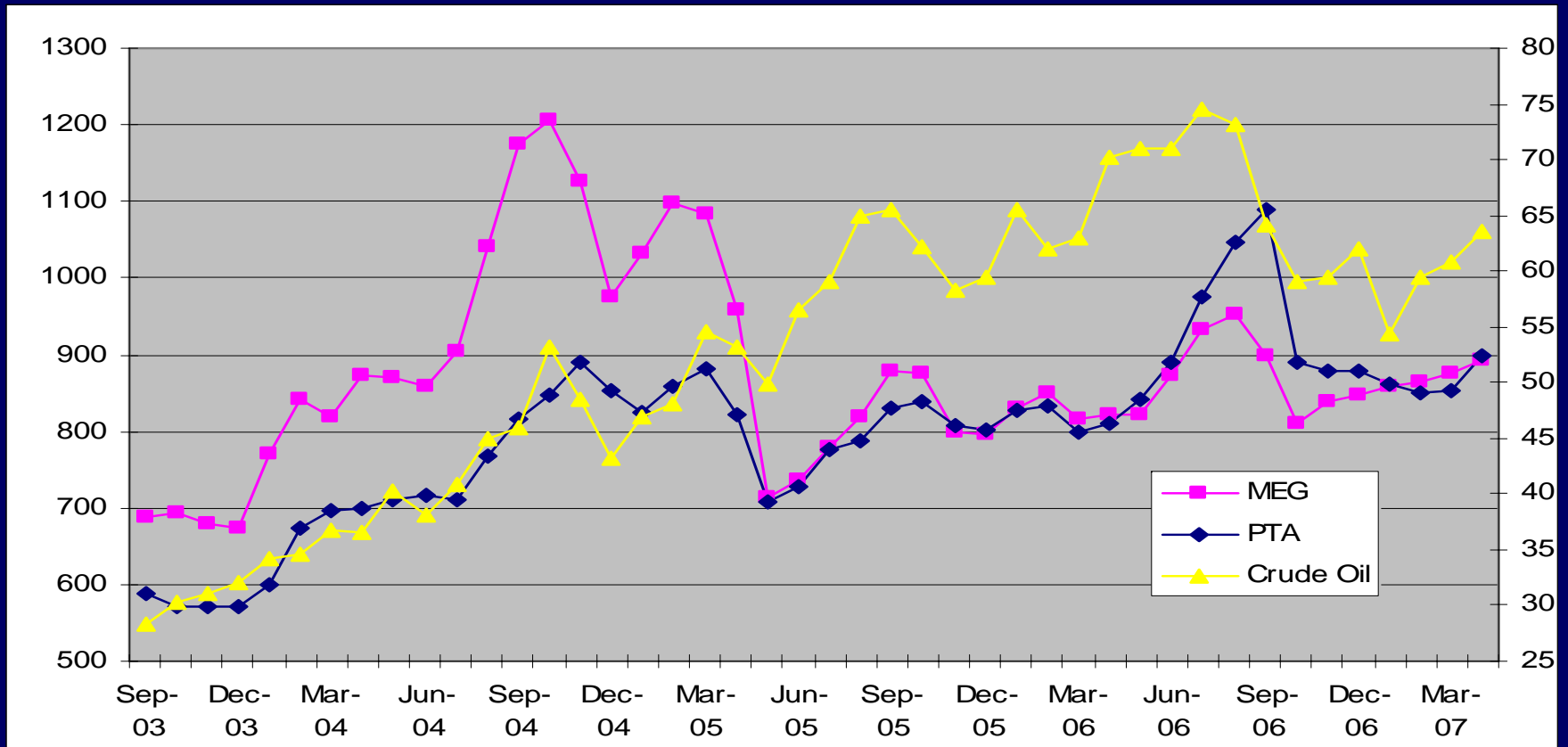
Production shift towards ASIA due to rising manufacturing cost in west. Trend to continue.....Expectedly..... India & China accounted for 82% of global capacity addition from 1990 to 2005

Source - Saurer Fiber Survey Report 2005



Crude & Raw Material Outlook

Behaviour of PTA & Crude Oil Prices



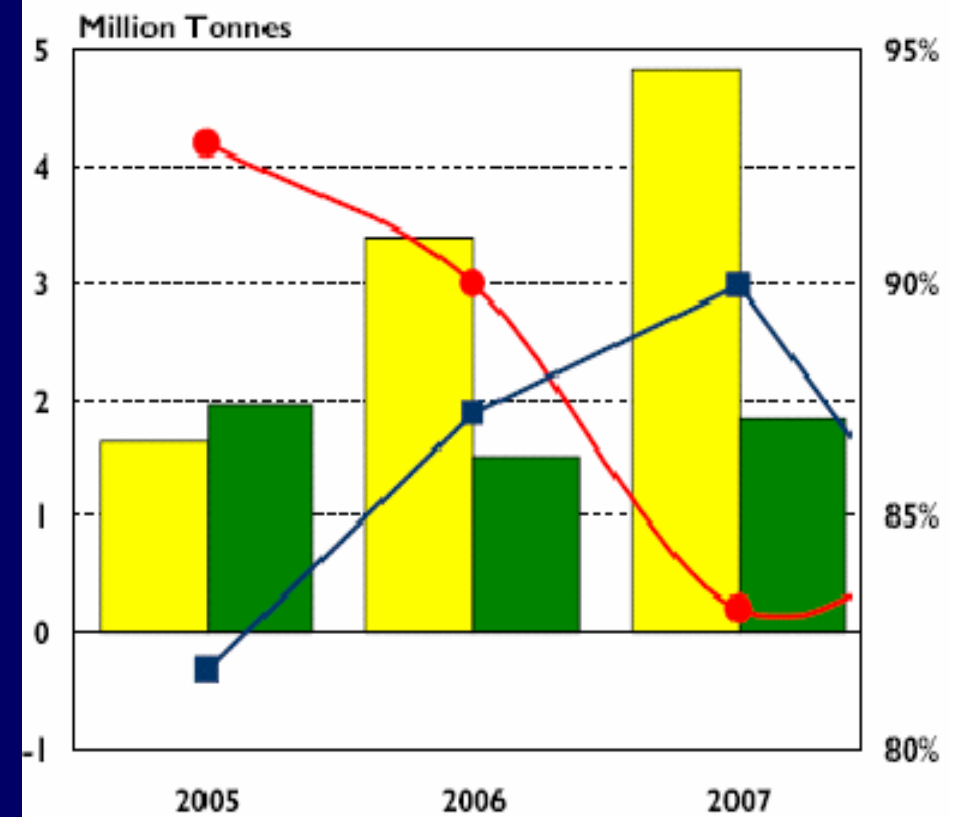
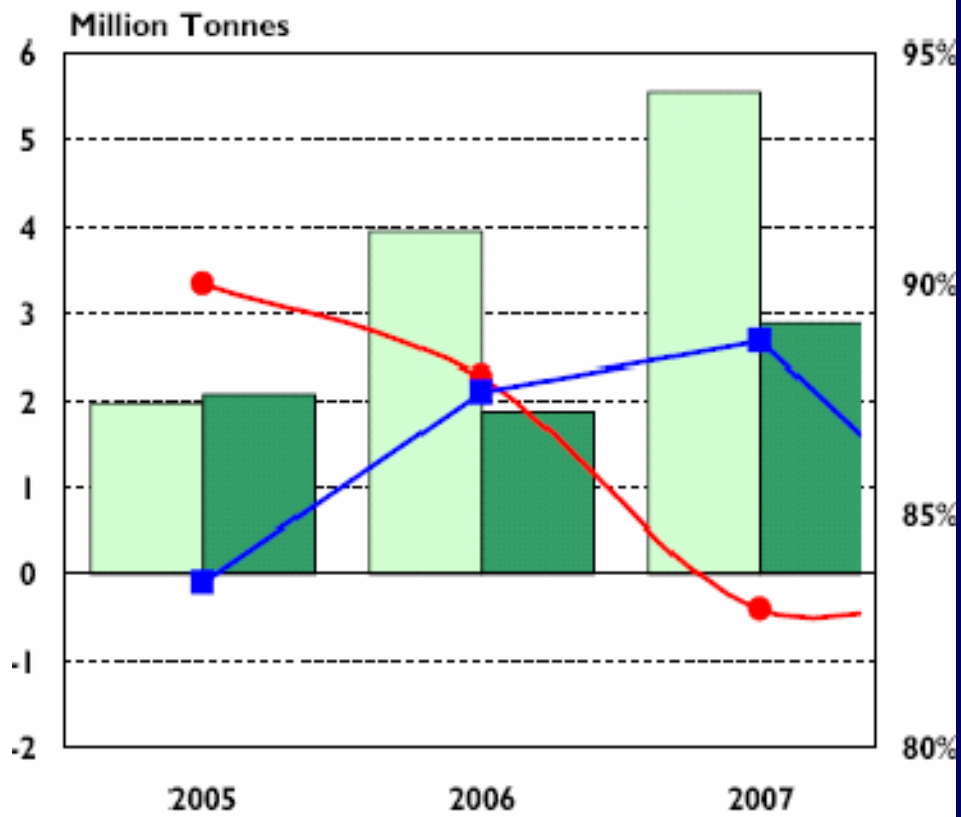
- 18% fall in PTA prices since September 06 and 6% fall in MEG prices August 06 : showing signs of better margins, augurs well for downstream in the petrochemical cycle
- Falling crude oil price pushes down Paraxylene prices resulting in softening PTA Prices



Improved PTA availability

World

Asia

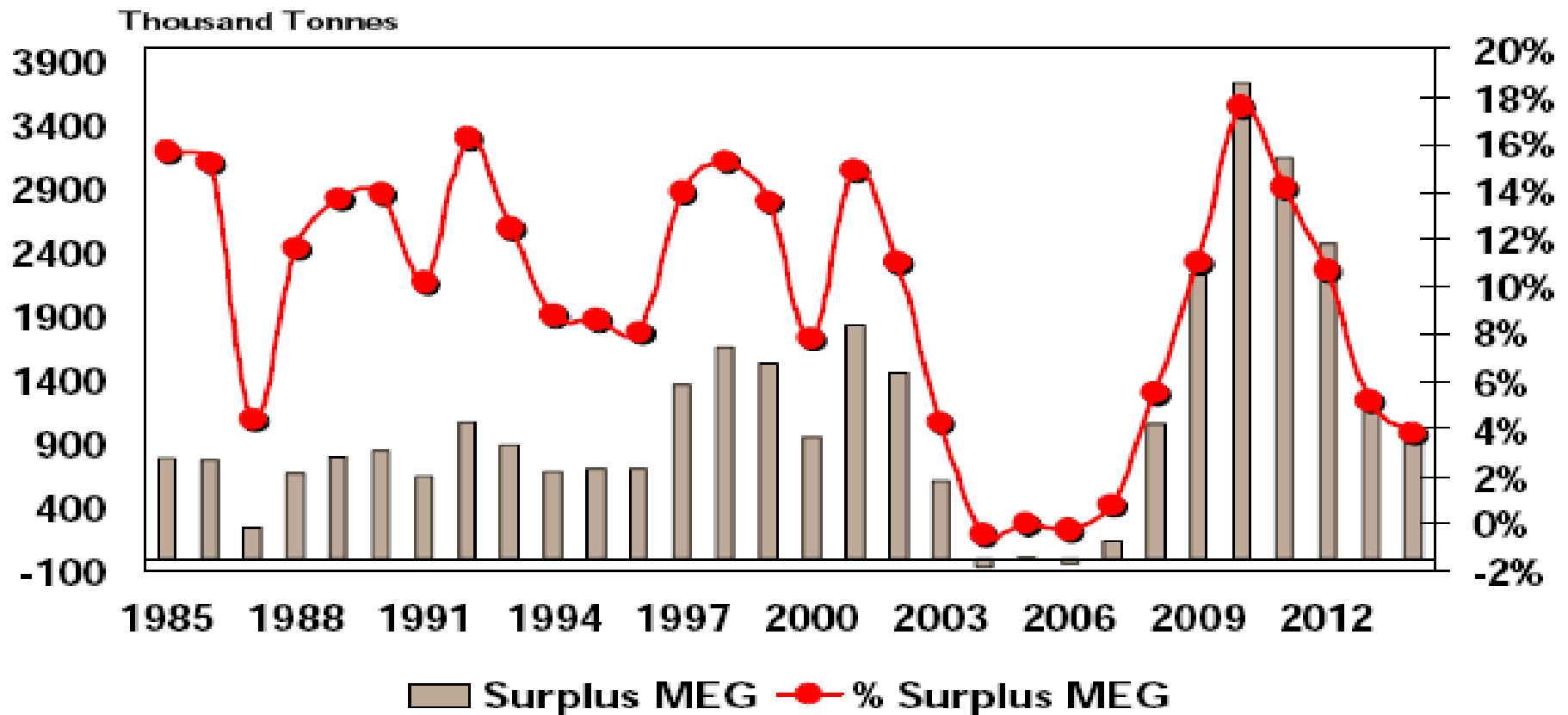


Capacity Increase Demand Increase
Operating Rates Delta

Capacity Increase Demand Increase
Operating Rates Delta

Supply Surging ahead of demand – likely softening of prices **INDO RAMA**

World MEG Balance at 91% EO



Rising Surplus Capacity of MEG is likely to Soften MEG prices

Source: PCI

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Summary of Raw Material Outlook

❖ Crude Oil :

- ✓ 19% decline from the peak of \$78 in August 06

❖ PTA :

- ✓ 18% decline in the price of PTA since September 06
- ✓ Further softening of PTA prices expected with Supply increasing at faster pace than demand

❖ MEG :

- ✓ 18% decline in the price of PTA since August 06
- ✓ Further softening of MEG prices likely with increasing surplus capacity



Update on Indo Rama Synthetics Expansion Project



Status Of Expansion Project

❖ Status of Polyester expansion project

- Commercial Production of POY plant started in November 2006
- Commercial Production of PSF plant started in March 2007
- The polyester expansion project was completed within the planned capital cost

❖ Status of Power Project of Indo Rama Petrochemicals Ltd.

- Consists of two units of 15 MW each
- Unit 1 was commissioned in February 2007
- Unit 2 will be commissioned in May 2007
- This will ensure an uninterrupted power supply to be available to IRSL at competitive rate

New Plant Brings Higher Productivity

Capital Cost in Rs. '000' per Tonne

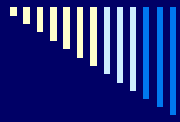
Old Plant	60
New Plant	25.45

The Capital cost of new plant per tonne of new plant is lower by 58% compared to the older one

Labour Productivity in terms of production in tonnes per labour

Old Plant	258
New Plant	349

The labour productivity of new plant is higher by 36% compared to the older one



Benefits On Product Quality

- ❖ **Widening Product Offerings to Market** : Dedicated continuous polymerisation plant enabling manufacturing of speciality products.
- ❖ **Lower Polymer Degradation** :
 - The new Plants use the Zimmer technology which operates at lower temperature than the older plants.
 - This results in benefit of lower polymer degradation thus leading to higher product quality.
- ❖ **Lesser variation of product properties**
- ❖ **More Process Friendly Products**: Better crimp properties helps in making the products more customer friendly for processing by spinning mills.



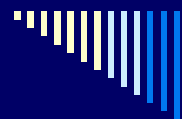
CP-4 Polymer from Spin Head/Pack to Spinning M/c.- 003



CP-4 Tow from Spinning M/c. to Tow cane



CP-5



Indo Rama Synthetics - Financial Performance Q4 07

Financial Highlights - IRSL

Particulars	Q4 2006-07	Q4 2005-06
Gross Turnover	654.40	563.69
Less : Excise Duty on Sales	41.04	47.10
Net Turnover	613.36	516.59
Other Income	22.87	11.44
Total Income	636.23	528.03
(Increase) / Decrease in Stock- in-Trade	(9.31)	110.50
Movement in Excise Duty on Stocks	1.18	(15.33)
Raw - materials	494.69	315.93
Staff Cost	10.65	11.17
Other Expenditure	85.91	69.14
Total Expenditure	583.12	491.41

Financial Highlights - IRSL

Particulars	Q4 2006-07	Q4 2005-06
EBDITA	53.11	36.62
Interest	10.78	5.60
EBDT	42.33	31.02
Depreciation	29.08	24.25
Profit Before Tax (PBT)	13.25	6.77
Provision for Taxation		
-MAT	(0.07)	-
-FBT	0.30	0.12
-Deferred Tax	6.33	3.15
Profit after Tax (PAT)	6.69	3.50

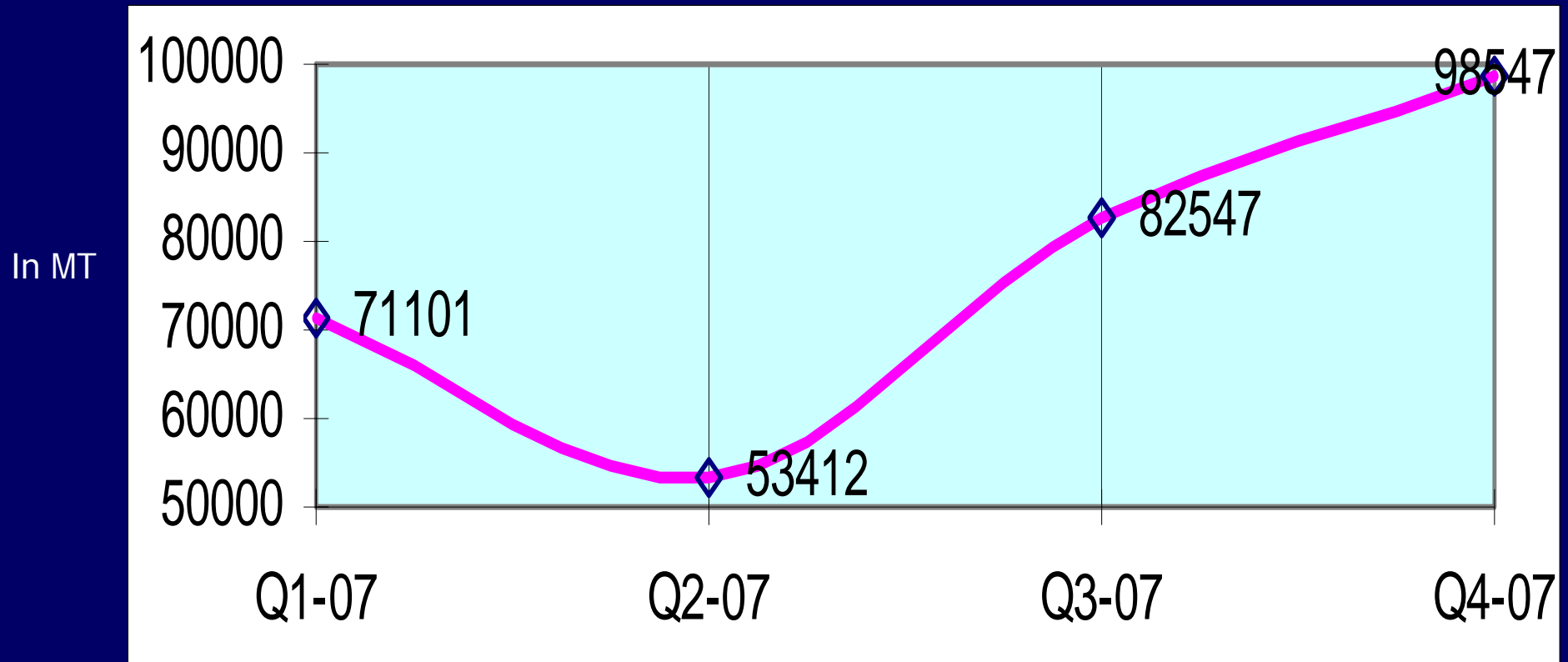
Financial Highlights - IRSL

Particulars	For The Year Ended	
	2006-07	2005-06
Gross Turnover	2,156.87	2,101.90
Less : Excise Duty on Sales	145.19	230.99
Net Turnover	2,011.68	1,870.91
Other Income	60.78	62.76
Total Income	2072.46	1933.67
(Increase) / Decrease in Stock- in-Trade	(132.65)	230.25
Movement in Excise Duty on Stocks	11.92	(38.49)
Raw - materials	1,688.60	1,271.70
Staff Cost	39.41	35.68
Other Expenditure	288.16	243.34
Total Expenditure	1,895.44	1,742.48

Financial Highlights - IRSL

Particulars	For The Year Ended	
	2006-07	2005-06
EBDITA	177.02	191.19
Interest	35.93	20.35
EBDT	141.09	165.24
Depreciation	106.81	98.06
Profit Before Tax (PBT)	34.28	67.18
Provision for Taxation		
-MAT	(0.59)	0
-FBT	0.90	0.72
-Deferred Tax	13.33	14.63
Profit after Tax (PAT)	20.64	51.83

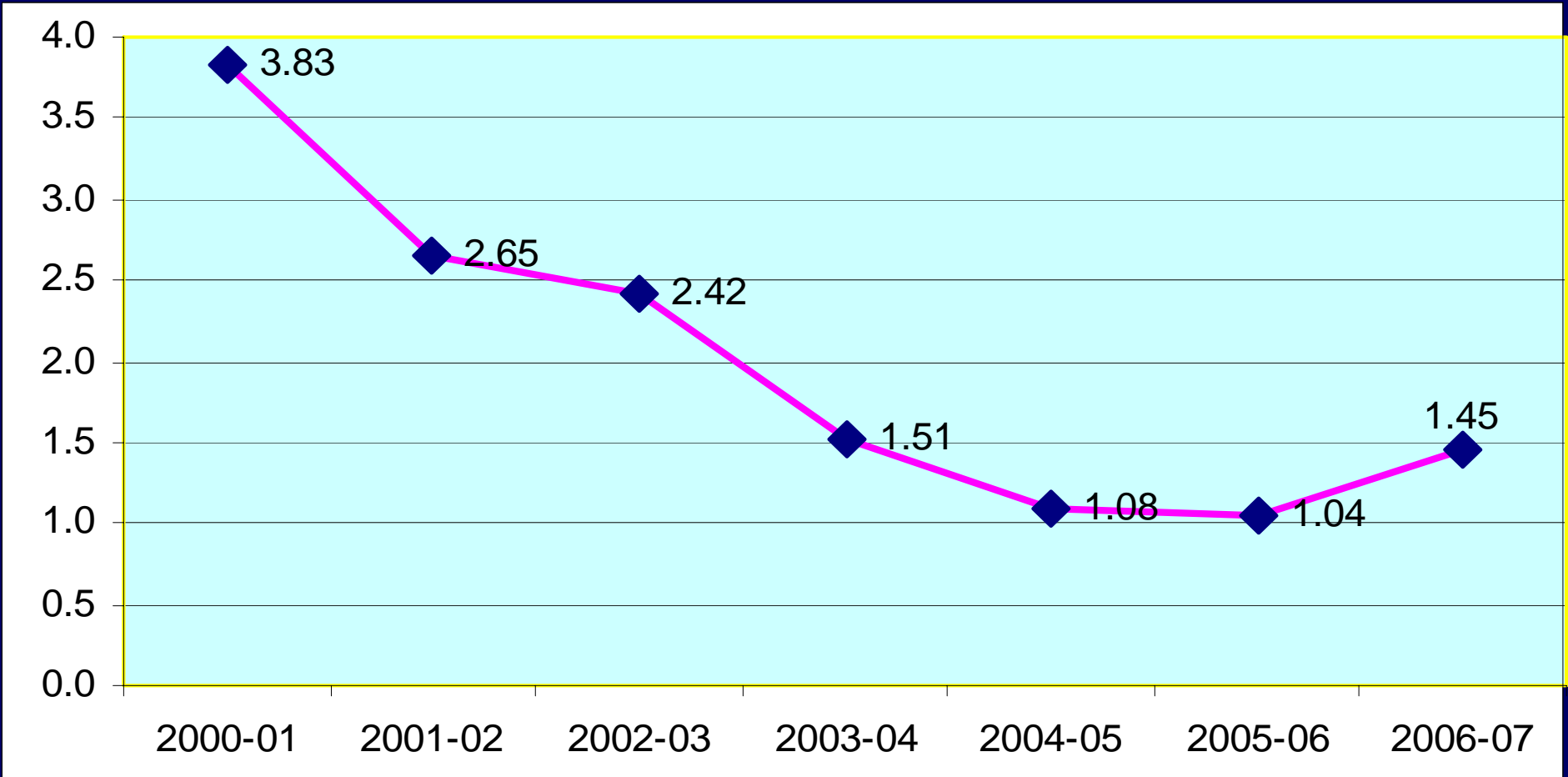
Sales Volume Growth Has Picked Pace QoQ



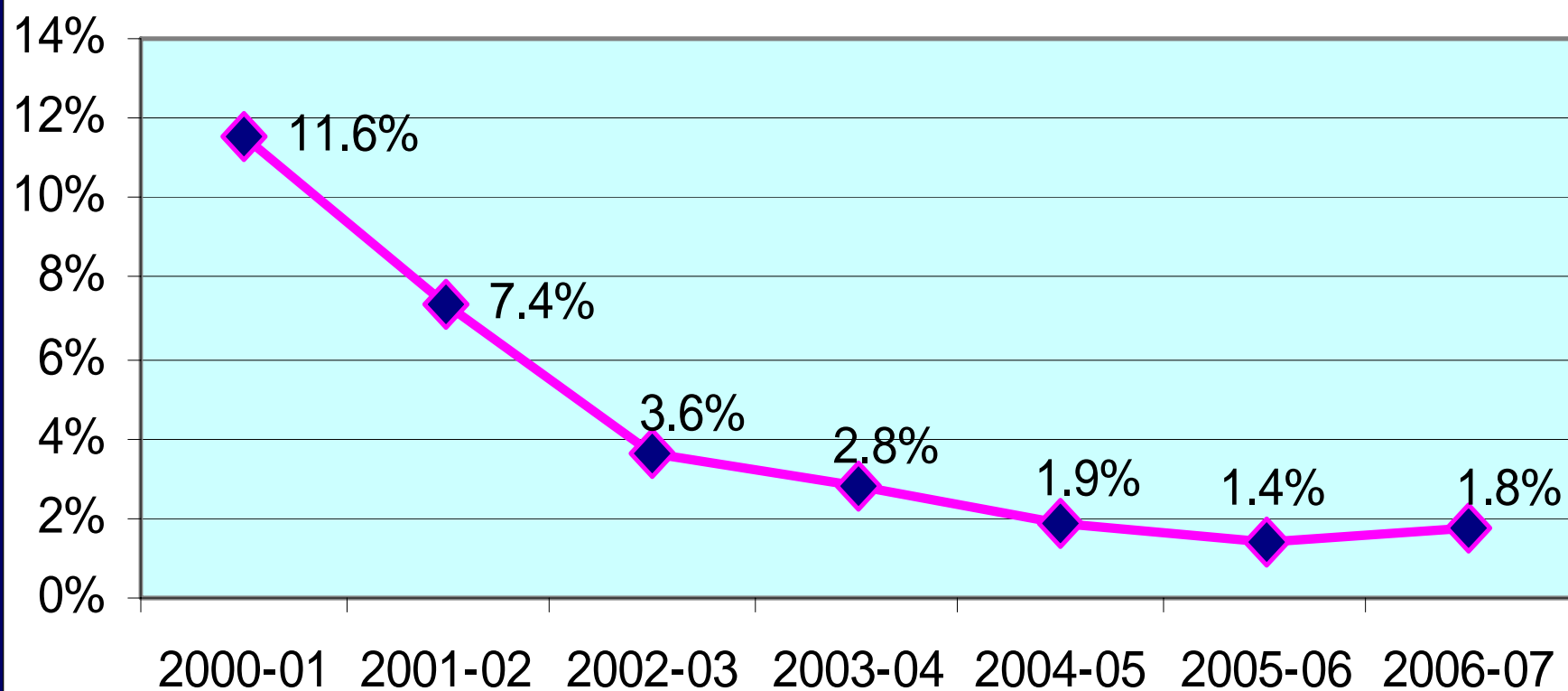
Sales Volume are growing at good pace leading to placement of production from enhanced capacity after expansion



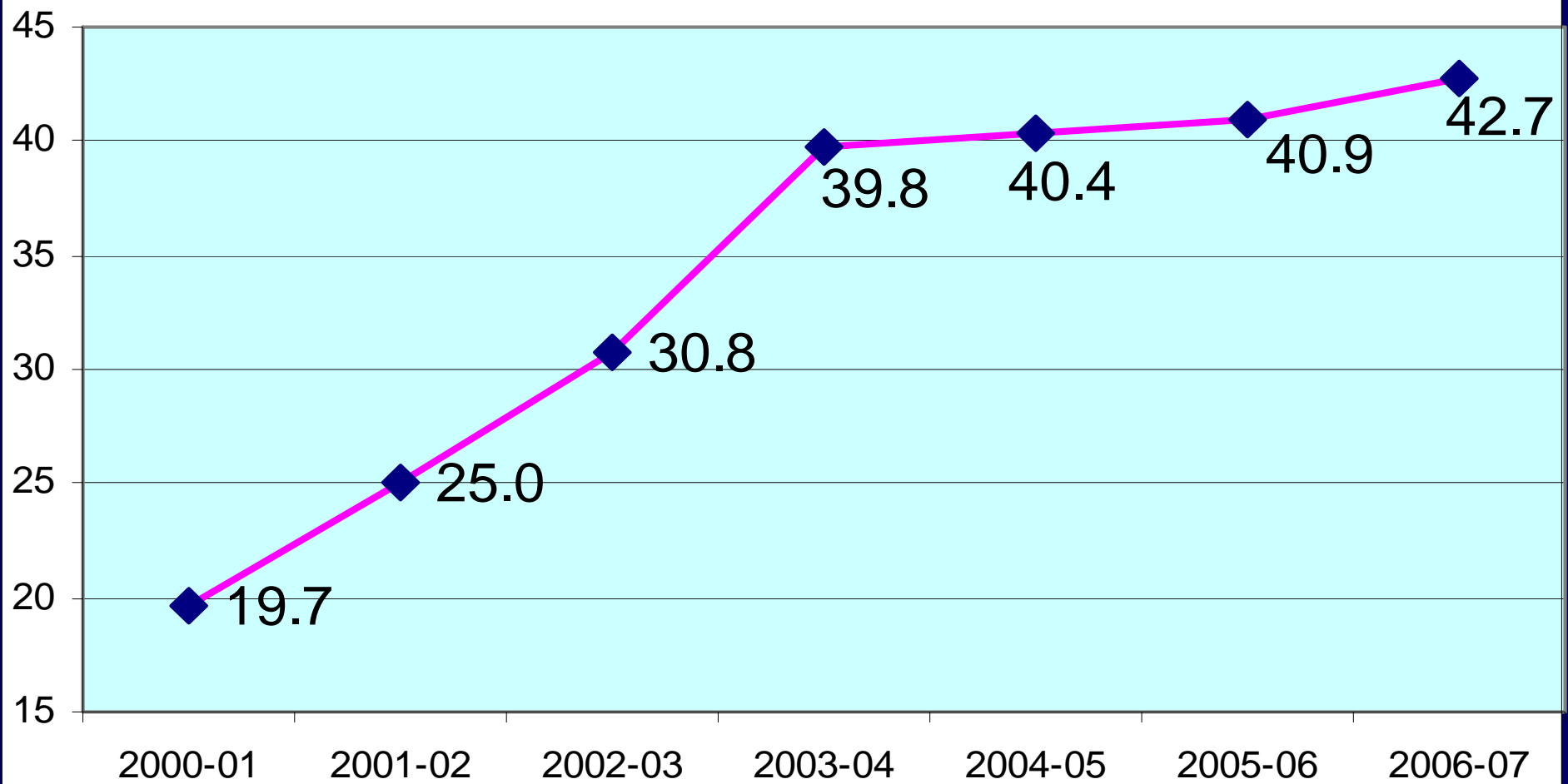
Inspite Of Expansion Debt Equity Ratio Still Good

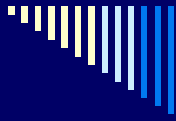


Interest Cost as a % of Sales have remained under control



Valuations Increasing Steadily





Rewarding Shareholders

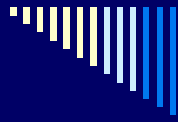


Merger Of IRPL with IRSL

- ❖ The Board of directors of IRSL and IRPL decided to merge IRPL with IRSL in view of :
 - Major interdependencies of the two entities
 - Cost parameters and value proposition – major drivers
 - Merger provides capture for the loss of various cost elements
 - Merger provides better opportunity for improving IRSL EBIDTA compared to business as usual

- ❖ IRSL engaged the services of a leading Infrastructure Support company, a leading firm of Chartered Accounts and a global reputed Accounting firm for the valuation of the two companies

- ❖ Based on the above reports the merger of the two companies have been approved



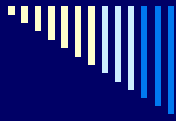
Dividend Announcement

Despite a tough year the Board of Directors have announced a dividend of 10 % (Rs. 1 .0 per equity share) for the financial year 2006-07



Summary

- ❖ Textile sector is set for rapid growth which will lead to rapid increase in polyester demand
- ❖ Raw material scenario is expected to remain benign
- ❖ With the completion of polyester expansion project, benefits of economies of scale will start kicking in
- ❖ With both the power plants of IRPL having started commercial production there would be big savings for IRSL in Power & Fuel cost
- ❖ The IRSL and IRPL merger will enhance shareholder value by way of synergies
- ❖ Market Continues to be buoyant, IRSL is confident of placing the entire production of the expanded capacity in the market



House Open for Questions