

Indo Rama Synthetics ups prices as demand rises

MUMBAI, July 2 (Reuters) - Polyester maker Indo Rama Synthetics India Ltd (IRSY.BO: Quote, Profile, Research) raised polyester prices across categories by 4 rupees a kilogram effective July 1, amid rising demand, a top official said.

"We increased prices 10-12 times in the last two to three months," Vivek Kaul, president of finance, said at an analyst meet late on Wednesday, adding the prices are now on average 20 percent higher than in March.

The hardening of cotton prices would lead to higher demand of polyester as an alternative fibre, making prices of polyester more competitive, Kaul said.

"The demand has certainly become more robust in the last few months," he said.

"The uptake is very high, whatever stock is available is being bought."

U.S. cotton plantings in 2008 are expected to fall sharply because farmers are shifting acreage to grain production amid surging prices for corn, wheat and soybeans, leaving a positive outlook for cotton prices.

Indo Rama also said it is investing 600 million to 700 million rupees on an "energy saving facility" at Nagpur that would convert furnace oil fired heaters to coal-fired ones. Furnace oil heaters were proving to be expensive due to the sharp rise in crude prices, he said.

The facility will be operational in the first quarter of the year ended March 2010 and the company expects to save 700 million rupees in operating costs that year, as a result, Kaul said.

The funds for the investment will be raised through a combination of debt and internal accruals. Shares of Indo Rama closed down 0.55 percent at 27 rupees in a firm Mumbai market. (Reporting by Aniruddha Basu; Editing by Rosemary Arackaparambil)

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