

Indo Rama to double output

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THE textile sector may be reeling under a mini-recession right now but the spate of investments and capacity expansions which began with the phase out of quotas in January 2005 continues. The country's second largest polyester manufacturer Indo Rama Synthetics announced the formal launch of its second plant in Butibori in Nagpur district on Saturday.

With its second plant, Indo Rama has doubled its production capacity from 3 lakh to 6 lakh metric tonnes. With oil prices stabilising in the mid \$60 per barrel level after the historic highs last year, the com-

pany expects demand to stay bullish and operating margins to improve in the times to come. "The industry witnessed bad times last year and even then we maintained our profits and went ahead with our expansion plans. I expect things to ease out in future not only because oil prices have come down but also because new PTA/MEG capacities which are our primary raw materials have come up in the country," said Indo Rama chairman and managing director O P Lohia. In consonance with the expansion, Indo Rama hopes to achieve a turnover of Rs 3,500 crore in 2007-08, an over 50 per cent jump from its current Rs 2,000 crore turnover.

While the industry is con-

cerned at the sudden loss of form in the export markets, Indo Rama does not expect its growth story to be impacted in a big way and is looking to align its business in tune with the demand in the domestic market. "We have always given credence to the domestic market and I have always been optimistic that there are better growth opportunities here than elsewhere. With rupee appreciating exports may not be very viable right now but we will remain unaffected as domestic market offers a lot of scope for growth," Lohia said. The company exports only 20 per cent of its installed 3 lakh capacity and going forward expects the ratio to fall further.