

# INDO RAMA

## Indo Rama Synthetics (India) Ltd.

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Press Release

For Immediate Publication

### Gross Sales increase by 10.6% in Q3 FY 2004-05

*~Company bullish on growth in the post MFA period~*

**New Delhi, January 19, 2005:** Indo Rama Synthetics (India) Limited (IRSL) today announced its financial results for the quarter ending Dec 31, 2004. IRSL registered an increase of 10.6% in gross sales, which was recorded at Rs 602.27 crores as compared to Rs 544.75 crores in the corresponding period last year. The company recorded its PAT at Rs 21.43 crores as compared to Rs 71.75 crores in Q3 FY 2003-04.

There was a volatile period for the polyester industry with pressures both on the top-line as well as on the bottom-line for the polyester manufacturers. Decreased cotton price, combined with excise duty cuts made cotton yarn cheaper resulting in poor finished product take-off.

On the other hand, sharp increase in PTA & MEG costs pushed polyester production cost. Added to it, there was no custom duty relief on PTA, MEG & furnace oil while for cotton textiles excise exemption was offered. These resulted in an increased cost of production at an all time low margins.

For the nine-month period ending December 31, 2004, the company maintained its topline with an increase of 4.5%. The turnover for this period was Rs 1769.63 crores compared to Rs 1693.05 crores in the corresponding period last year.

Commenting on the Results, Mr. O.P. Lohia, Chairman and Managing Director, IRSL said, "During the quarter under review, prices of our key raw materials, PTA and MEG continued to be high. Our plans to double PSF and POY capacities continued as envisaged and Butibori plant with its expanded capacity is expected to be operational by the middle of 2006. As in any business cycle there will be topical challenges - I however remain convinced of the long term Indo Rama Synthetics growth story in light of the opening up of Quotas in Textile industry from January'2005"

"The Govt. of India also recognizes the opportunity and is serious about duty rationalization in the coming budget on MMF industry. The support from the Govt. will help in stimulating demand and would further enhance the competitive edge of the business," he further added.

The company has received the approval of Euler Hermese from Germany for an overseas loan facility and has already signed the loan agreement with DEG of Germany & Indian lenders. The construction activities are in full swing for the PSF and POY Project to take its capacity from 3,00,000 MT to 6,00,000 MT.

Indo Rama has already been rated as one of the world's lowest cost polyester producers. The expansion and the new technology will further bring down the cost per unit of the product, giving an advantageous position to Indo Rama in the global market.