

INDO RAMA

Indo Rama Synthetics (India) Ltd.

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Press Release

For Immediate Publication

“German Banks - IKB, DEG” sanction Rs.410cr for Indo Rama expansion *New plant to be commissioned by early-2006*

NEW DELHI, December 3, 2004: Indo Rama Synthetics (I) Ltd. (IRSL), India's largest dedicated polyester manufacturer, today, announced the approval of a long-term loan worth EUR 73 million (approx. Rs. 410 crores). IRSL has received this loan through offshore financing from a consortium of German banks - IKB and DEG - at extremely fine tuned rates.

These funds will be utilized for IRSL's expansion project at the Butibori plant near Nagpur in Maharashtra. The work, which encompasses the setting up of new plant, doubling of capacity of Polyester Staple Fibre (PSF) and Partially Oriented Yarn (POY) from 300,000 tonnes per annum (TPA) to 600,000 TPA, has already commenced.

Commenting on the occasion, Mr. O P Lohia, Chairman and Managing Director, Indo Rama Synthetics (I) Ltd. said, “The new plant will commence operations by early 2006, as per schedule, which will help us leverage emerging business opportunities in the man-made fibre industry pursuant to the withdrawal of the textile quota system w.e.f. January 1, 2005.”

“With the approval of these loans, we are now in a position to put in place state-of-the-art, best-in-class and totally automated production facilities to combat global competition”, he further added.

IRSL is currently in the process of finalizing residual loans from Indian lenders, which too would be complete in a short period of time.

This expansion makes Indo Rama's Butibori plant the largest single-location plant in the country and one of the largest in the world. Indo Rama's expansion move is strategic in nature and an investment for the future. The world markets open up post-2005, and the Asian share of polyester industry is expected to continue its rise. The company's expansion move will enable it to strengthen its position as one of the strongest players in the global market.