

INDO RAMA

Indo Rama Synthetics (India) Ltd.

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Press Release

For Immediate Publication

Indo Rama Synthetics PAT up by 29.7%

New Delhi, October 13, 2005: Indo Rama Synthetics (I) Ltd. (IRSL), India's largest dedicated Polyester-manufacturing company, today announced its results for the quarter ending September 30, 2005. IRSL reported a net profit of Rs.33.67 crores in Q2 2005-06, as compared to Rs.25.96 crores in the corresponding period last year, registering an increase of 29.7%.

The company's gross sales for H1 stood at Rs.1091.75 crores compared to Rs.1039.91 crores last year, registering a growth of 5%. The H1 PAT 2005-06 was Rs.43.70 crores as against last year's figure of Rs.32.67 crores which shows an increase of 33.8% over the previous year.

The polyester industry, no doubt, has been passing through a difficult economic environment over the last 18 months, accentuated by factors like:-

- High crude oil prices
- Petrochemical intermediates upcycle
- Bumper cotton crop which caused significant price drops
- Biased tariff regime for synthetics vis-a-vis cotton

A reversal of the first two trends, however, is now clearly visible. Cotton prices have also stabilised and are, in fact, firming up. Additionally, the Government is committed to a fiscal road map which will reduce import and excise tariffs on synthetics, thereby eventually removing all inter-fibre tariff anomalies.

Speaking on the occasion, Mr O.P. Lohia, Chairman & Managing Director, Indo Rama Synthetics (India) Ltd said: " Globally, the polyester intermediate prices are expected to soften as huge capacities come on stream over the next few quarters. The production and consumption of cotton is also approaching a balance internationally, leading to firmer prices. These global trends, coupled with the anticipated rationalisation of tariffs in India for all competing fibres, point towards sustained growth for the polyester industry".

The company's expansion project to double its capacity from 300,000 MT to 600,000 MT, is slated to become operational in 2nd quarter 2006, as scheduled. The timing of the project is appropriate

from the raw materials perspective as well, because, by that time, the 530,000 MT Indian Oil PTA plant in Panipat and the Indo Rama group's 630,000 MT PTA facility will also be operational. This will be followed by Reliance PTA plant of similar size, some time in mid 2006. Assured of easier raw material availability, in an environment favourable to the polyester industry, Indo Rama looks forward to capitalising on its scale and cost advantages, post expansion.

Indo Rama Synthetics (India) Limited is the country's largest dedicated polyester manufacturer with an Integrated Manufacturing Complex at Butibori, near Nagpur in Maharashtra producing around 300,000 tonnes per annum of Polyester Staple Fibres, Filament Yarns, Textured Yarns and Textile grade Chips.