

INDO RAMA

Indo Rama Synthetics (India) Ltd.

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Press Release

For Immediate Publication

Indo Rama Synthetics (I) Ltd. Q4 Sales increase by 41%, Yearly Sales by 10.6%

New Delhi, April 27, 2005: Indo Rama Synthetics (I) Ltd. (IRSL), the country's largest dedicated polyester manufacturer, today announced its Q4 and annual results for the financial year ended March 31, 2005.

IRSL Q4 gross sales at Rs.624.45 crores increased by 41% compared to the same period last year. Annual sales at Rs.2198.71 crores registered a growth of 10.6% over previous year. Exports also rose by 111.76% to Rs.138.83 crores as compared to Rs.65.56 crores for FY 03-04. The net profit for the year at Rs.70.21 crores was lower than last year's figure of Rs. 171.71 Crores, primarily due to lower other income and higher raw material costs.

Isolating the impact of other income, the profit from operations was Rs.28.74 Crores lower than last year. This represents the inability of the polyester industry in 2004 to fully pass on the unprecedented PTA/MEG price increase to downstream consumers in the face of record cotton availability.

Mr. O. P. Lohia, Chairman & Managing Director, Indo Rama Synthetics (I) Ltd. said "2004 was more of an aberration and we are already witnessing the reversal of the petrochemicals upcycle and the hardening of cotton prices. It is heartening to note that even in one of the worst years for the industry, Indo Rama has been able to manage the downturn, generate enough cash to reduce long-term loans by Rs.317.8 Crores and maintain the dividend at last year's level of 40%. This reflects the management's conviction on future profitability of the Company.

With the quota removal scenario now a reality and with the domestic economy progressing at a healthy pace, the key to business success in the polyester industry will lie in scale economies and process efficiencies.

The timing of Indo Rama's expansion project, slated for commissioning in Q2, 2006 is thus doubly fortuitous because it also coincides with a huge increase in raw material (PTA/MEG) capacities by that time.

With a world class, cost efficient capacity increase of 3,00,000 tons taking the total capacity to 6,00,000 tons, coming on stream at a time of improving polyester margins and burgeoning domestic/export demand, Indo Rama is confidently looking towards brighter future.

This confidence in the intrinsic strengths of the Company and its future potential allows us to declare a final dividend of 30%, which, including the interim pay-out aggregates to a final 40% rate for the year, maintaining YOY consistency “

Indo Rama Synthetics (I) Limited is the country's largest dedicated polyester manufacturer with an Integrated Manufacturing Complex at Butibori, near Nagpur in Maharashtra producing around 350,000 tonnes per annum of Polyester Staple Fibres, Filament Yarns, textured Yarns and Textile grade Chips.
