

INDO RAMA

Indo Rama Synthetics (India) Ltd.

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Press Release

For Immediate Publication

Indo Rama Synthetics Clocks Net Sales of Rs.393.03 crores in Q2-07

-Announces half yearly results for FY 06 - 07-

New Delhi, October 17, 2006: Indo Rama Synthetics (India) Ltd. (IRSL), India's largest dedicated polyester manufacturing company, announced its results for the quarter ending September 30, 2006 in the capital today.

Half Yearly Results:

IRSL registered gross sales of Rs. 927.10 crore, a drop of 15.1% as compared to the corresponding period last year. PAT for the period stood at Rs.10.91 crore, 75% lower than the corresponding period last year while EBIDTA was recorded at Rs.78.34 crore, lower by 32.9% compared to the corresponding period last year. IRSL saw a decline in its net sales at Rs.861.41 crore which is 9.9% lower than the net sales recorded in the same period last year.

Quarter 2 Results:

IRSL registered gross sales of Rs.421.38 crore, a drop of 18.9% as compared to the corresponding quarter last year. PAT for the quarter stood at Rs.8.73 crore compared to Rs.33.67 crores in the corresponding quarter last year. EBIDTA was recorded at Rs.43.8 crore as against Rs.75.19 crore in the corresponding quarter last year. Net sales dropped by 13.9% to Rs.393.03 crore.

During the last 6 months we have seen very sharp volatility in the crude prices which affected our raw material prices. As the crude prices have fallen from \$ 78 to \$ 60 per barrel our raw materials like Paraxylene, PTA and MEG prices have also started correcting. This has destabilized the market specially in the month of September, thereby affecting our sales which has since started getting corrected and will be recouped in the current quarter. This has impacted the sales in the September Quarter.

In the month of September, Indian Oil has also started production in their Petrochemical Complex at Panipat and the Company has started getting the supply from the IOC's new PTA Plant, thereby improving the availability of PTA in the domestic market.

There has also been additional capacity increase of PTA in China where two plants of 6,00,000 tonnes each have already started production in the last two months and in the next 6 months further 4 plants with around 2 million tones of PTA production are slated to start in China, thereby improving the PTA availability which was tight in the last two years.

Going forward the softening of crude and raw material prices and their adequate availability bode well for the Company's business for the future.

Trial production from the POY plant has begun on 10th September 2006 and the commercial production is expected to commence from end October 2006.

Mr. O P Lohia, Chairman & Managing Director, Indo Rama Synthetics (India) Limited, said, "With the commissioning of the new lines in our POY unit and with our on going programme for doubling the capacity in PSF in its final stage, our expansion programme is on track. Indo Rama Synthetics now possesses the scale and stature to be a leading player both domestically and internationally in the fast growing Polyester segment. With further input capacities coming up, I look forward to a strong performance going forward.