

INDO RAMA

Indo Rama Synthetics (India) Ltd.

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Press Release

For Immediate Publication

Indo Rama Synthetics Net Sales up by 34.7% to Rs.536.91 crores in Q3-07

New Delhi, January 19, 2007: Indo Rama Synthetics (India) Ltd. (IRSL), India's largest dedicated polyester manufacturing company, announced its results for the quarter ending 31st December, 2006 in the capital today.

Quarter 3 Results:

IRSL registered net sales of Rs.536.91 crore, up by 34.7% as compared to the corresponding quarter last year. The company had made some one off merchant exports during the same quarter last year. If such merchant exports sales are adjusted, the sales for the company witnessed a 47% jump during Q3 this year on a comparative basis. EBIDTA for the quarter was recorded at Rs.45.57 crore as against Rs.37.74 crore in the corresponding quarter last year, registering a rise of 20.7%, PAT for the quarter stood marginally lower at Rs.3.04 crore compared to Rs.4.63 crores in the corresponding quarter last year due to increase in interest cost from Rs.5.01 crores to Rs.12.67 crores and depreciation change from Rs.25 crores to Rs.28.01 crores during the quarter.

The profit was lower as the company was not able to pass on the full impact of the raw material cost increases to the customers during the quarter.

Nine month ended Results:

IRSL registered net sales of Rs.1398.32 crore, a rise of 3.2% as compared to the corresponding period last year.

Commenting on the Results, Mr. O.P. Lohia, Chairman and Managing Director, IRSL said, I am happy to report the commencement of operations at our expanded POY operations. We also hope to commission our PSF unit in the next 4 - 6 weeks, which will take the full capacity of POY & PSF to 6 lac MT.

The Industry has been badly affected by the Government policy against the Man made fibre industry. It is hopeful that Government will realise the importance of this sector and bring the

policy in line with all other fibres and correct the inverted duty structure which is adversely affecting the Industry.

The policy measures such as reduction of the import duty on synthetic raw material such as PTA and MEG to the low level of other fibre intermediates like Paraxylene to 2% from the present level of 10% and bringing the excise duty at par with cotton sector to 4% from present 8% along with its raw materials will go a long way in helping the MMF industry. This step will also help to take India's export of Textiles from the present level of USD 20 Billion to the target level of USD 50 Billion in the next 4 - 5 years as our present basket of textiles exports is more skewed in favour of cotton and the share of cotton products export is around 85%. The global consumption pattern is more in favour of synthetics at 60% and in other exporting countries like China, Indonesia, Thailand, the export basket is more than 60% synthetics as per the consumption pattern. So it is very much desirable that the Government corrects the anomalies in tariff structure in line with other fibres so that the MMF industry also grows and creates jobs in this sector where the potential for rapid growth is very bright.