

INDO RAMA

Indo Rama Synthetics (India) Ltd.

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Press Release

For Immediate Publication

IRSL plans to merge Indo Rama Petrochemicals with itself

- Proposed Merger to enable noticeable cost-benefits

New Delhi, November 30, 2006: The Board of Directors of Indo Rama Synthetics (India) Limited (IRSL), India's largest dedicated polyester manufacturer today passed a resolution to explore the proposal to merge Indo Rama Petrochemicals Limited (IRPL) with itself. The in-principle approval is for an evaluation of the proposal for the merger subject to all the necessary statutory, regulatory and legal approvals.

IRPL, an unlisted company, is located at Butibori, Nagpur, where it is commissioning 30MW power plant comprising two coal-fired power plants of 15 MW capacity each. The power project involves setting up of 2 Boilers and 2 Turbines of 15 MW each which can produce steam, water etc. which can be utilised by IRSL for its expanded operations as well as replace the IRSL's oil fired Boilers. Moreover the capacity of this Power Plant can be scaled upto 42 MW of Power generation through moderate additional capital investments. IRPL is in advanced stages of commissioning one unit of the power plant. The other unit is expected to be operational in Q4FY07. The total cost of the Power Project is expected to be Rs.128 crores.

The Boards of both the Companies will meet again to finalise/approve the scheme of merger, the share exchange ratio and other related matters. IRSL perceives substantial value by having a dedicated captive power plant as an integral part of its manufacturing operations. The proposed merger enhances the Company's competitive position and promotes self reliance of operations given the recent doubling of its Partially Oriented Yarn capacity by 150 K Tons per annum at IRSL's plant in Butibori, Nagpur. The Company also proposes to complete the doubling of its Polyester Staple Fibre manufacturing capacity by 140 K Tons per annum and commence commercial production in the quarter beginning January 2007. The total cost of the Polyester capacity expansion project is Rs.856 crore.

The proposed merger of IRPL with the company will result in both immediate and sustained positive impact on earnings and is likely to be advantageous to its earnings going forward.