

INDO RAMA

Synthetics (India) Limited

Press Release

For immediate dissemination

Indo Rama Synthetics announces Q2 and H1 FY11-12 results

H1 Net Profit at Rs 28.60 cr vs. loss of Rs 8.35 cr

Gross Sales up at Rs 1494.06 cr vs. Rs 1378.06 cr

Gurgaon, November 14, 2011: Indo Rama Synthetics (India) Limited, India's largest dedicated polyester manufacturer, today announced its un-audited results for Q2 and H1 ended September 30, 2011.

Overall, in H1 2011-12 the company delivered a sales performance of Rs 1,494.06 crore, an increase of 8.4% over Rs 1,378.06 crore in H1 of previous year. The Profit after Tax stood at Rs 28.60 crore as compared with Loss after Tax of Rs 8.35 crore in H1 of previous year.

Gross sales for Q2, 2011-12 stood at Rs 826.78 crore, an increase of 9.4% over Rs 755.87 crore in Q2 of previous year. The Company recorded Loss after Tax at Rs 22.84 crore in the quarter as compared to Profit after Tax of Rs 4.18 crore in Q2 of the previous year. The Quarterly results were adversely impacted by an exceptional item – Loss on account of sudden fall of the rupee aggregating to Rs 62.81 cr.

During the quarter, the company delivered an impressive sales performance despite continued softness in demand in the textile industry. The cotton prices that had slumped in Q1 2011-12 remained depressed all through Q2 2011-12. This had an adverse impact on demand for Polyester. The weak rupee put a downward pressure on the margins as the price of raw materials went up.

The Company expects to see improvement in demand in Q3 with replenishing of depleted inventory levels. On the positive side, the weak rupee is likely to support an increase in exports. The volatility in raw materials seen in Q2 2011-12 is expected to stabilize.

The Company continued its focus on cost reduction projects in order to improve margins. The company had planned to replace existing heat treatment media based on furnace oil to coal at a project cost of Rs 73 crores. A substantial part of this project was completed and commissioned in October 2011. The balance will be commissioned later in the month in November 2011. The project to add 11MW of Power to utilize the spare boiler capacity for captive consumption is on track and will be commissioned by Q3 FY 12.

The company is in the process of expanding the production capacity for its value added product Draw Texturized Yarn (DTY) from existing 64,800 Tonnes to 98,145 Tonnes by installation of 14 new machines. This project is also on track and 3 machines have already been delivered.

Commenting on the results, Mr. O P Lohia, Chairman and Managing Director said:

“We have delivered an impressive sales performance notwithstanding the macro-economic challenges faced by the textile and allied industries. We remain focused on our cost reduction projects and are increasing the value added product capacities to beat margin pressures and stay competitive. We will continue to grow the business by developing new export markets and expanding our domestic market share. The company is buoyant on the prospects of the Polyester business with increase in substitution of cotton by Polyester and discovery of new applications.”

About Indo Rama Synthetics (India) Limited

Indo Rama Synthetics (India) Limited is India’s largest dedicated polyester manufacturer with an Integrated Manufacturing Complex at Butibori near Nagpur in Maharashtra, with capacity of 6,10,050 tonnes per annum of Polyester Staple Fibre, Filament Yarn, Draw Texturized Yarn, Fully Drawn Yarn and Textile grade Chips.

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