

Spentex consolidated income up 17.81% at Rs 377.02 crore for Q3FY08

EBIDTA for Q3FY08 at Rs 21.84 crore

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Spentex Industries Limited, India's leading yarn manufacturer, has reported a consolidated total income of Rs 377.02 crore for Q3FY08 as against Rs 320.02 crore. Consolidated EBIDTA for Q3FY08 stood at Rs 21.84 crore. For Q3FY08, Spentex registered net loss of Rs 15.62 crore as compared to Net profit of Rs 6.94 crore in the corresponding quarter last fiscal.

The consolidated total income for the nine-month period ended December 31, 2007, stood at Rs 1034.16 crore, as against Rs 636.61 crore last year, up by 62.45 %. The consolidated EBITDA for 9MFY08 stood at Rs 100.22 Crore, as against Rs 80.95 crore, up by 23.80%. Net loss for 9MFY08 stood at Rs 11.91 crore as compared to Net Profit of Rs 9.14 crore in the corresponding period last fiscal.

Commenting on the company's numbers, Mr. Mukund Choudhary, MD, Spentex Industries, said, 'On one hand, our numbers have been impacted by the increase in the raw material cost, while on the other hand we had to face the contentious issue of the appreciation of the rupee against dollar. The rupee has appreciated by more than 15 percent in the last one & half year which has severely affected the competitiveness of the textile industry. Additionally, higher logistic cost and power cost have also impacted the margins'.

'The growth in the coming quarters will be robust on account of full benefits of contribution from manufacturing high-value added yarn coupled with higher capacity utilization rate', added Mr. Choudhary.

Industry Scenario:-

Despite a bumper crop, cotton prices in India, during the quarter under consideration (October to December 2007) ruled at 15% to 20% higher than that in same period last year. Heavy export from India to China, Bangladesh & Pakistan created a shortage of cotton in the domestic yarn market. To make matters worse, yarn prices in the global market dropped by at least 5% due to stiff competition. Effectively, yarn prices in the export market currently rules between 7% to 8% less than that in the domestic market. In addition, the sharp rupee appreciations over 12% have created higher yarn stock. Textile mills will normally procure their entire cotton requirement during October to January, but during this season, the mills are not in a position to buy cotton owing to high prices and lower realization of yarn prices. The textile spinning sector has been reeling under recession since the beginning of 2007 owing to the appreciation of the rupee against the dollar and high interest rates. Countries such as China and Pakistan did not face such problems, so they increased their share in the global trade. Meanwhile, India's share declined from 12 per cent to five per cent in the last year.

Commenting on the measures taken to combat the appreciating rupee, Mr. Mukund Choudhary, MD, Spentex Industries, said, 'In order to tide over the adverse domestic market scene and appreciating rupee, Spentex has setup its direct marketing network in Europe through office in Durren, Germany which is yielding higher prices. Also our invoicing in Euro is increasing thereby reducing impact of Rupee appreciation against the dollar. We have always been looking forward to develop new markets and we have opened an office in Turkey which will help develop and serve markets of Euro Asia'.

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About Spentex Industries Limited

Spentex Industries Limited (Spentex) is engaged in the production of cotton, synthetic and blended yarns. It has a capacity of 6, 29,000 spindles and 236 air jet looms, including the latest acquisition of Schoeller Textile in the Czech Republic. For more details please visit www.spentexindustries.com

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