

IAL/2019/
July 12, 2019

Corporate Relationship Department
BSE Limited, Phiroze Jeejeebhoy Towers,
2nd Floor, Dalal Street, Mumbai – 400001.
Fax No. 2272 3121/ 2037

SCRIP CODE: 514165

Reg.: **FORWARD INTEGRATION HIGHLIGHTS**

Dear Sir/ Madam,

We are pleased to inform that Indian Acrylics Limited started production of Acrylic Fibre in the year 1993. The plant is situated in the Sangrur district of Punjab with installed capacity of 45,000 MT p.a.

For improving Margin and profitability profile, company initiated forward integration project by setting up the new production capacities to manufacture Acrylic yarns in the year 2013. The first spinning plant to manufacture acrylic yarn came into production in the year 2014. The initial capacity was 6600 spindles and it was increased to 13,200 spindles during 2016. The company has set up second acrylic yarn plant with 15,360 spindles along with dyeing facilities. This plant started production in the year 2016. The capacity of this 2nd plant and dyeing facilities has been expanded from 15360 spindles to 30720 spindles in the year 2017.

The company is now in process of adding two more yarn spinning plants with 10,000 spindles and 20,000 spindles capacity respectively. The building work has been completed for 10,000 spindles and in this plant company has already set up 6500 spindles during current year. The work to complete the remaining 3500 spindles is in progress and it is scheduled to achieve commercial production by Sept 2019.

By doing above forward integration, the company's captive consumption of acrylic fibre for yarn conversion has increased from 28% to 34% after latest Spindles addition. Over next two years' company is aiming to utilize 50% captive consumption of Fibre to yarn. The company products are well accepted in both domestic as well as export markets. Both the plants manufacturing acrylic fibre as well as acrylic yarns are running at full capacity during quarter 1 of FY 19-20 and the expectation is that plant utilization will be at 100% during Q2 and Q3 of FY 19-20.

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The company expects the monthly Revenue run rate of 65-70 Crs with RM prices dropping for the company and with captive usage of Fibre usage for converting them to Yarn to 50% will immensely improve the profitability profile of the company. The company is moving aggressively to book entire 45000 MT capacity for sales in domestic and export locations to get the scale optimization benefits and improving financial performance of the company. We expect the forward integration to be EBIDTA Accretive with Acrylic Yarn contribution mix to total revenue moves up consistently going ahead.

Q1 financial performance is an indicative factor of full synergies working at plant and the company has presented good set of quarterly results. The company is making attempt to repeat the financial performance of Q1 in Q2. Company is having full firm order book to the capacity for Q2 and we are confident that company is well positioned to utilize the opportunity to put up a firm financial performance going ahead.

Kindly take the same on your records.

Thanking you,
Yours faithfully,
for INDIAN ACRYLICS LIMITED


(BHAVNESH K GUPTA)
COMPANY SECRETARY & COMPLIANCE OFFICER

