

Ref. No. 003/01/2019

15th January 2019

Subject: Information Memorandum on a Connected Transaction and Open Offer of Shares in Indo Rama Synthetics (India) Ltd.

To: President
The Stock Exchange of Thailand

We, Indorama Ventures Public Company Limited (“IVL” or the “Company”) would like to disclose the resolutions of the Company’s Board of Directors passed on January 9, 2019, relating to the purchase of shares of Indo Rama Synthetics (India) Limited (“IRSL”), as per below details. As IRSL is a company listed on the National Stock Exchange of India and Bombay Stock Exchange Limited, has just passed its Board of Directors’ resolution relating to the transaction today and in order to ensure parity of information disclosure in the two markets, the Company, therefore, disclose the transaction today, simultaneously with those disclosed by IRSL to its stock exchange.

The Board of Directors’ Meeting No. 1/2019 of IVL, held on January 9, 2019, resolved to approve the purchase by its indirect subsidiary Indorama Netherlands B.V. (“INBV”) of 83,000,000 newly issued shares in Indo Rama Synthetics (India) Limited (“IRSL”), equaling to approximately 31.79% of IRSL’s enlarged share capital¹ (the “**Share Purchase**”), at the price of INR 36 per share, equaling to the total investment amount of INR 2,988.00 million (the “**Maximum Share Purchase Cost**”), or equivalent to approximately Baht 1,442.31 million².

Following the Share Purchase, INBV would be required by the regulations of the Securities and Exchange Board of India (“SEBI”) to do the open offer to all of IRSL’s shares held by the minority shareholders³, holding in aggregate 65,436,231 shares, equaling to approximately 25.06% of the enlarged share capital (the “**Tender Offer**”) at the price of INR 36 per share, resulting in the maximum holding by INBV of up to 56.85% of the enlarged share capital in IRSL. The Tender Offer cost is expected to be at the maximum of INR 2,356 million (the “**Maximum Tender Offer Cost**”), or equivalent to approximately Baht 1,137.24 million. Therefore, the total amount to be used by INBV in the Share Purchase and the Tender Offer (collectively, the “**Transactions**”) would be at the maximum of INR 5,344 million (the “**Maximum Transaction Cost**”), or equivalent to approximately Baht 2,579.55 million.

The Share Purchase and Tender Offer are subject to Indian authorities’ regulatory approvals.

IRSL is a listed company on the National Stock Exchanges of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) and is the leading manufacturer of a wide range of polyester products in India. The current major shareholders of IRSL are:

(i) Mr. Om Prakash Lohia and his immediate family holding in aggregate of approximately 36.32% (or approximately 22.39% of the enlarged share capital on a dilution basis) and (ii) Brookgrange Investments Limited holding approximately 33.29% (or approximately 20.51% of the enlarged share capital on a dilution basis), the ultimate beneficiaries of which are Mr. Alope Lohia and his son Mr. Yashovardhan Lohia. Mr.

¹ The current paid-up share capital of IRSL is INR 1,609,131,510, divided into 160,913,151 shares at a par value of INR 10.00. IRSL will issue additional 100,200,000 new shares which will be allocated to INBV in the amount of 83,000,000 new shares. Therefore, the total number of the enlarged issued share capital is INR 2,611,131,510, divided into 261,113,151 shares.

² It is based on the exchange rate of INR 1 = Baht 0.4827 as at 9th January 2019, and this rate will be used as reference only and will be used throughout this document.

³ According to the SEBI regulations, only the minority shareholders can tender their shares in the Tender Offer. Therefore, shares held by the Promotor Group of IRSL are not allowed to be tendered in the Tender Offer.

Aloke Lohia and his immediate family also holds approximately 0.412% (or 0.25% of the enlarged share capital on the dilution basis), (collectively, the “**Promotor Group**”).

Mr. Om Prakash Lohia is the chairman of the Board of Directors and Managing Director of IRSL. He is also the elder brother of Mr. Aloke Lohia, the Group CEO of the Company and Mr. Sri Prakash Lohia, chairman of the Board of Directors of the Company, and an uncle of Mr. Amit Lohia, the non-Executive director of the Company.

The Share Purchase transaction is considered a connected transaction in the category of assets or services pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 re: Rules regarding Connected Transaction and the Notification of the Board of Governor of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies concerning the Connected Transactions, B.E. 2546 (A.D. 2003) (as amended) (collectively, the “**Connected Transaction Notification**”), as it is a transaction between the Company’s subsidiary and IRSL whose major shareholders are (i) the close relative of the Company’s management and (ii) the management of the Company. Based on the Maximum Share Purchase Cost, the transaction value will be equivalent to 1.37% of the Company’s Net Tangible Asset (NTA) based on the Company’s reviewed financial statements on a consolidated basis as of 30th September 2018. The Company doesn’t have a transaction with the same connected person within the past six months prior to the approval of the Transactions. As the transaction value was more than 0.03% but less than 3% of the NTA, the Company is required to have the Board of Directors approve the Transaction and disclose the information to the SET pursuant to the Connected Transaction Notification.

In addition, the Transactions will constitute an acquisition of assets pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (A.D. 2004) (as amended) (collectively, the “**Acquisition Notification**”). As the Transactions value, which is based on the Company’s reviewed financial statements on a consolidated basis as of 30th September 2018, is less than 15% and the total size of all transactions within the past 6-month period does not exceed 15%, the Company has no duty to disclose the transaction under the Acquisition Notification.

Details of the Transaction are as follows:

1. Transaction Date

It is expected that the Transactions will be completed by the second quarter of the year 2019.

2. Contractual Parties and Relationship with the Company

2.1 Purchaser: Indorama Netherlands B.V., an indirect subsidiary of the Company

2.2 Issuer: Indo Rama Synthetics (India) Limited

2.3 Relationship with the Company: Mr. Om Prakash Lohia is the elder brother of Mr. Aloke Lohia, the Group CEO of the Company and Mr. Sri Prakash Lohia, chairman of the Board of Directors of the Company, and an uncle of Mr. Amit Lohia, a non-Executive director of the Company. Also, Mr. Aloke Lohia who is the GCEO of the Company is an ultimate beneficiary of Brookgrange Investments Limited. Therefore, the Share Purchase is considered as a connected transaction.

3. Details of Assets

3.1 Details of IRSL

| | |
|------------------------------|--|
| Type of business | Manufacturer of a wide range of Polyester Fibers & Yarn products, with the total production capacity of 605 KT per annum |
| Address | registered office at 31-A, MIDC Industrial Area, Butibori, Maharashtra 441122 India |
| Registered Capital | INR 2,351,000,000 |
| Number of shares | 235,100,000 shares |
| Par value (per share) | INR 10.00 |
| Paid-up capital | INR 1,609,131,510 |

According to the transaction, IRSL will issue additional 100,200,000 new shares at a par value of INR 10.00, resulting in its total paid-up capital of INR 2,611,131,510 or 261,113,151 shares (the “**Enlarged Share Capital**”)

3.2 Current List of Shareholders of IRSL

The major shareholders of IRSL are:

- (i) Mr. Om Prakash Lohia and his immediate family holding in aggregate 58,450,519 shares, equaling to approximately 36.32%; and
- (ii) Brookgrange Investments Limited holding in aggregate 53,564,057 shares, equaling to approximately 33.29%, the ultimate beneficiaries of which are Mr. Alope Lohia and his son Mr. Yashovardhan Lohia.

Mr. Alope Lohia and his immediate family also hold 662,344 shares in IRSL, equaling to approximately 0.41%.

Based on the Enlarged Share Capital, shares held by the above shareholders will be diluted to be in aggregate of approximately 43.15%.

4. General Characteristics of the Transaction

INBV will do the Share Purchase at the Maximum Share Purchase Cost. Following the Share Purchase, INBV is required by the regulations of the SEBI to do the Tender Offer, resulting in the maximum holding of 56.85% of the Enlarged Share Capital in IRSL, at the Maximum Tender Offer Cost. Therefore, the total amount to be used in the Transactions would be the Maximum Transaction Cost.

As mentioned above, the Promotor Group of IRSL are not allowed by the SEBI regulations to tender their shares in the Tender Offer. Therefore, only the minority shareholders, holding in aggregate of approximately 25.06% shares of the Enlarged Share Capital will be able to tender their shares in the Tender Offer.

5. Transaction Size

5.1 Connected Transaction due to the Share Purchase

The size of the transaction, which is a connected transaction in the category of assets or services pursuant to the Connected Transaction Notification, is equivalent to 1.37% of the NTA based on the reviewed financial statements of the Company on the consolidated basis as of 30th September 2018. The Company doesn’t have a transaction with the same connected person within the past six months

prior to the approval of the Transactions. Since the transaction value is greater than 0.03% but less than 3% of the NTA, the Company is required to:

- (a) Take the approval of the Board of Directors; and
- (b) Make a disclosure to the SET.

Calculation:

| | Baht (Million) |
|------------------------------------|----------------|
| NTA as of 30th September 2018 is: | 104,932 |
| 0.03% of the NTA is approximately: | 31.48 |
| 3% of the NTA is approximately: | 3,148 |

5.2 Acquisition of Assets due to the Share Purchase and the Tender Offer

The Transactions value which is based on the Company’s reviewed financial statements on a consolidated basis as of 30th September 2018, is less than 15% and the total size of all transactions within the past 6-month period does not exceed 15%, the Company has no duty to disclose the transaction under the Acquisition Notification.

6. Sources of Funding

The source of funds of INBV would be from the Company’s internal cash flow and unutilized credit lines from financial institutions. In the latter case, there is no condition in the financing agreements that will have an effect to the rights of the Company’s shareholders.

7. Interested Directors Not Attending the Meeting and Voting

- 1. Mr. Alope Lohia
- 2. Mr. Sri Prakash Lohia
- 3. Mrs. Suchitra Lohia
- 4. Mr. Amit Lohia

8. Opinion of the Board of Directors and the Audit Committee regarding the Transaction

India is the second largest polyester market in the world after China, with consumption growth at 7% per year. This strategic investment will provide IVL a fast track entry into the high potential Indian market as India grows its end uses for Polyester fibers and leverage on the country’s huge potential with 1.2 billion population. IVL’s expertise in turnaround, coupled with technical know-how will help IRSL improve its operating rate, product mix and also complement IVL’s strategy in global Home & Apparel segment to serve its global customers with differentiated HVA fibers. This transaction follows investments into PET assets in India three years ago.

Valuation was done considering discounted cash flow, current replacement value, book value, and market value; coupled with the market potential India would offer, the Board of Directors and the Audit Committee are of the opinion that the investment in IRSL is justified and reasonable.

9. Opinion of the Audit Committee and/or the Director which is Different from the Board of Directors' Opinion

-None-

Please be informed accordingly.

Yours faithfully,

(Mr. Souvik Roy Chowdhury)
Company Secretary

