

Ref.No.IVL004/05/2020

13th May 2020

President
The Stock Exchange of Thailand

Subject: Information Memorandum on a Connected Transaction

The Board of Directors Meeting No. 4/2020 of Indorama Ventures Public Company Limited (“**IVL**” or the “**Company**”) held on 13th May 2020, has approved the granting of financial support by way of providing guarantee or Standby Letter of Credit (SBLC) in the amount of up to USD 50 Million by the Company to Indo Rama Synthetics (India) Limited (“**IRSL**”), a connected party.

Rationale of the transaction:

Post-acquisition of equity stake and management control of IRSL in April 2019, IRSL operational and financial performance has been improving. IVL has appointed a new management team, including the CEO and CFO, in IRSL to manage and operate the business. In IRSL, improvements have been made on increasing capacity utilization, improving operational efficiency, consistent product quality and expanding customer base. Capacity utilization increased from pre-acquisition level of 35% to 56% by end of 2019. IRSL refinanced its outstanding debt with banks in India and managed to reduce cost of financing for funded long term facility by 8% p.a. and for Non-funded working capital facilities by 2.5% p.a. During this period IRSL management focused on all aspects of operational excellence and targeted saving of USD 11 Million by 2021.

On market front IRSL focused on customer requirement and satisfaction resulting in increased market share in the major consumptions area of North India & South India and achieved a consistent sale of 23,000 tons per month increasing from 15,000 tons per month before acquisition. With increased market share and improvement in quality, further increase in capacity utilization to 70% was planned by March 2020.

Due to COVID-19 Pandemic, the capacity utilization increase was deferred. IRSL manufacturing facility is located in Butibori near Nagpur, State of Maharashtra, India. Currently, there is complete lockdown in the state of Maharashtra from 23rd March 2020, and IRSL plant is under complete shutdown. The start & ramp up of operations going ahead will now be aligned to normalization after removal of lockdown and demand from downstream facilities/convertors. Presently only few texturizing machines are running in IRSL to consume the existing stock of POY raw material.

The loss of production and sales caused by lockdown for almost 2 months from the impact of COVID-19 has added requirements for additional liquidity. IRSL requires additional credit lines for up to USD 50 Million from banks in India to manage under lockdown and restart operations. IVL who has management control of IRSL can leverage its global relationship to provide the required credit support in the present crisis.

Moreover, in providing such financial support, IVL will charge a fee of 1% p.a. from IRSL.

The details of transaction are as follows:

- 1. Transaction date:** Within 2020

2. The parties involved:

- 2.1 Indorama Ventures Public Company Limited (“**IVL**”), as a financial assistance provider; and
- 2.2 Indo Rama Synthetics (India) Limited (“**IRSL**”), as a financial assistance receiver.

The current major shareholders of IRSL are:

- (i) Indorama Netherlands B.V. (“**INBV**”), an indirect subsidiary of IVL, holding approximately **38.56%**;
- (ii) Brookgrange Investments Limited, holding approximately **20.51%**, the ultimate beneficiaries of which are Mr. Alope Lohia and his son Mr. Yashovardhan Lohia. Mr. Alope Lohia and his immediate family also holds approximately **0.26%**; and
- (iii) Mr. Om Prakash Lohia holding approximately **14.73%**.

The Collective shareholding of (ii) and (iii) above, the connected parties is **35.5%**

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. Alope 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 and Mr. Yashovardhan Lohia, the executive director and Chief Recycling Officer of the Company.

3. The total value:

The granting of financial support by providing the provision of guarantee in the amount of up to USD 50 Million by IVL to IRSL (the “**Transaction**”) is classified as a provision of financial assistance by a listed company to a connected person as prescribed in the notification of the Capital Market Supervisory Board No. Thor Chor 21/2551 Re: Related Parties Transaction and the Notification of the Board of Governors of the Securities Exchange of Thailand Re: Disclosure of information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003.

The total value of the Transaction will be approx. Baht 1,616.53 Million¹ and will be approx. 1.89 percent of the Net Tangible Assets Value (NTA) of the Company as at March 31, 2020

In this regard, as the shareholdings of other connected persons in IRSL (approximately 35.50%) are lower than the shareholdings of IVL and its subsidiary in such entity (approximately 38.56%), this Transaction, therefore, falls under the scope of “Other Granting or Receipt of Financial Support Transaction”.

Since the Transaction value is greater than 0.03% but less than 3% of the Company's Net Tangible Asset Value as per the consolidated financial statements ended as at 31st March 2020, it is a medium sized transaction requiring the Company to:

- (a) take the approval of the Board of Directors; and
- (b) make a disclosure to the Stock Exchange of Thailand.

¹ It is based on the exchange rate of USD 1 = Baht 32.3306 as at 11th May 2020.

Calculation:

Net Tangible Assets Value (NTA) as at 31st March 2020 is: 85,314 Million Baht.

0.03% of Net Tangible Assets Value (NTA) is approx.: 25.59 Million Baht.

3% of Net Tangible Asset Value (NTA) is approx.: 2,559.42 Million Baht.

4. **Guarantee value:** USD 50 Million

5. **Term of Guarantee:** 12 Months on a rolling basis

6. **Interested directors not attending the meeting and voting:**

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

7. **Opinion of the Company's Board of Directors and Audit Committee on the reasonableness of the transaction:**

The Audit Committee and Board is of the opinion that the financial support by providing the guarantee or Standby Letter of Credit (SBLC) in the amount of up to USD 50 Million by the Company to IRSL is reasonable and justified considering the slow down caused by COVID-19 impact resulting in lockdown in India by almost 2 months which has put pressure on IRSL liquidity. This support will also help the entity to quickly start up and ramp up operations after the lockdown is lifted and get aligned to normalization and continue to retain its market share as explained in the rationale section and thus continue to promote IVL's strategy in Home & Apparel segment to serve its global customers with differentiated HVA fibers. The guarantee is for a period of 12 months and subject to review.

IVL will charge 1% p.a. fee from IRSL for the guarantee or SBLC provided.

Please be informed accordingly.

Yours faithfully,

(Mr. Souvik Roy Chowdhury)
Company Secretary