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## Indorama looks for site for second plant

The company plans to raise ₹ 200 crore by 2012 for initial payments for land acquisition. The firm is looking for a 250-acre site

Moulishree Srivastava

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New Delhi: Indorama Synthetic (India) Ltd, India's second-largest synthetic fibre maker, is looking for a site near a port to build a new plant that would almost double its capacity to 1 million tonnes by 2015 as demand for the commodity rises overseas.

"We (have a) target to identify the site in next three months," said chairman and managing director O.P. Lohia.

"It will be a port location, which will help us increase our exports."

Currently, Indorama Synthetics has a plant in Butibori, Nagpur, with a synthetic fibre capacity of 550,000 tonnes. The firm exports 25% of its output from Nagpur to mainly Syria, Libya, Egypt, Turkey and Brazil. In the year ended 31 March, exports accounted for 26% of revenue.

"Now with the cost of logistics becoming so high, it (the plant) has to be near the market," said Lohia. "We will be producing similar products, and whichever products we are exporting from here, we can use from the port location. If we become more competitive from the port location, it will improve the bottom line and will help the exports to be more cost-effective."

The company will decide on the investment in the next three months after the location of the plant is fixed.

"We are working on the investment and the product mix, and in the next three-four months, depending upon the site, we will be able to decide," he said.

The company plans to raise ₹ 200 crore by 2012 for initial payments for land acquisition.

"We have issued some warrants and the conversion is due in May 2012. We are targeting QIPs (qualified institutional placements) around the same time," Lohia said. "Either we will do it from the January-March quarter or in the June quarter depending upon market conditions."

The company is looking for a 250-acre site, which according to Lohia is the biggest challenge.

"We should have done it by now, but it is taking a bit longer since land acquisition has become a challenge," he said.

The company expects to get clearance on land in 2011 and start the plant by 2014.

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