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## **euro adhoc: Lenzing AG / Joint Ventures/Cooperation/Collaboration / Lenzing Group: Decision for a new viscose fiber production plant in India**

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Global Expansion

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Lenzing Group  
Decision for a new  
viscose fiber production plant in India

The Lenzing Group will build a new viscose fiber production plant in India in cooperation with the Indian Modi Group. This decision was announced by the chairman of Lenzing's management board, Thomas Fahnemann, and the chairman of the Modi Group, Satish Modi, at the signing of the cooperation agreement in Vienna.

Production capacity for textile and nonwovens viscose fibers of the first construction phase of the new Lenzing plant will be 80,000 tons. The preliminary budget for investment, including working capital, is at 200 million US dollars. The new plant with a staff of 700 to 800 will be located in an industrial park in Maharashtra State about 45 miles south of Mumbai. Production is scheduled to start for 2010/11, after a construction period of two years.

Thomas Fahnemann comments the decision: "After the successful startup of our plant at Nanjing/China, this is the next logical step of our expansion focusing on Asia." India is seen as the second important market for viscose fibers after China. Lenzing is currently represented in India by a branch office, but Lenzing customers have to pay high import duty on Lenzing fibers. "It was above all the strong demand from Indian customers that facilitated our decision to produce fibers locally in India", says Thomas Fahnemann.

Lenzing's partner is the Modi Group, one of India's most successful conglomerates, with an annual turnover of about 1.2 billion US dollars. "We are happy to have found in Lenzing, the technological leader in viscose fiber production, our long-term partner for the Indian textile and nonwovens industry", emphasized Satish Modi at the signing.

The Indian viscose fiber market is currently supplied by a single local producer, a situation that is not conducive to the development of the industry. "With Lenzing we expect a substantial improvement in the supply situation of the rapidly expanding Indian textile and nonwovens industry with high-quality fibers. The Indian industry will greatly benefit from this project.", says Satish Modi.

Moreover, Lenzing will open its global distribution network to Indian customers and provide them with technical support and expertise.

Lenzing will hold the majority share in the new viscose fiber plant and will bring its technical competence and production experience into the new joint venture, Modi Fibers Limited will provide the land and local experience.

The legal requirements for the construction and operation of the plant have already been met.

Lenzing will build a state-of-the-art viscose fiber production plant in India, using the latest fiber technology. Moreover, Lenzing's closed chemical production cycles and chemical recovery systems, as

well as its modern exhaust gas and waste water purification systems will set new standards for environmental protection in India.

Lenzing India will be the group's seventh production plant. The new plant and future capacity expansion at the others sites will have increased the group's total production capacity by the turn of the decade to more than 660,000 tons of cellulose fibers, securing Lenzing's position as global market leader.

With the completion of this project, Lenzing will have more than doubled its number of production sites, as well as its production capacity within a decade by means of organic growth, greenfield projects and acquisitions.

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