

Press Release

New Delhi, May 23, 2006: Spentex Industries Limited (Spentex), the textiles arm of CLC group, which had acquired 4,673,625 equity shares of Rs.10 each representing 14.99% of the fully paid up equity voting capital of Indo Rama Textiles Limited (IRTL) at a price of Rs. 84.13 through stock exchange mechanism would be acquiring the remaining promoter stake i.e. 49.03% of IRTL on 24/05/2006 at a price of Rs. 84.15 per share aggregating to a consideration of Rs.128.64 Crore as per SPA executed with the Promoter Group of IRTL on February 17, 2006 to acquire 15,286,831 equity shares of Rs. 10 each .ICICI Securities is acting as the Sole Financial Advisor for transaction.

IRTL is a part of the OP Lohia group which owns Indo Rama Synthetics Limited, the second largest polyester manufacturer in India..Spentex would be formally taking control from Mr. O.P. Lohia, Chairman. This deal comes just after the recent completion of mandatory open offer for 20% stake by Spentex for the shareholders of IRTL.

Indo Rama Textiles Limited is engaged in spinning of synthetic blended yarns. The company has two state -of-the-art plants at Pithampur (Indore) and Butibori (Nagpur). The two plants produce close to 40,000 MT of yarns in blends, polyester/cotton, polyester/viscose, 100% polyester & 100% viscose. The company clocked an EBITDA of around Rs. 48.31 crore on a turnover of Rs. 373 crore in FY07

The acquisition of IRTL is in line with Spentex's inorganic growth strategy . Spentex proposes to merge Indo Ram a Textiles with itself ,which will made it the third largest player in cotton yarn manufacturing in the country . This in turn will foster profitable growth of the company and will enhance value for shareholders of both the companies.

Speaking on the occasion, Mr. Mukund Choudhary, Managing Director, Spentex, stated, 'The acquisition catapults Spentex into the top three yarn manufacturing companies in the country with an installed capacity of around spindles. Hitherto a cotton yarn producer, this acquisition provides Spentex an opportunity to offer the entire range of yarns (from natural to man made) to its customers world wide.'