

Spentex Industries allots 75 lakh equity shares through QIP

Becomes the first company in India to take the QIP route

Acquires the management control of Tashkent To'ytepa Tekstil LLC

NEW DELHI, AUGUST 21, 2006: Spentex Industries Limited, has allotted 75 lakh equity shares to QIBs (Qualified Institutional Buyers) under the provisions of Chapter XIII-A of the SEBI DIP Guidelines. This is the first Qualified Institutional Placement (QIP) by any Indian company after the fresh guidelines were notified by Sebi. Spentex has raised Rs 46.59 crore through the QIP, at a price of Rs 62.13 per share.

The shares have been allotted to Sundaram Mutual Fund, Goldman Sachs Investments (Mauritius) Ltd, Voyager Fund (Mauritius) Ltd. and Nikko Asset Management (Mauritius) Ltd. The funds raised through QIP are intended to be used for further expansion through strategic alliances including acquisitions.

Further, Spentex has on Sunday, August 20, 2006 successfully acquired the management control of the business of Tashkent To'ytepa Tekstil LLC, the state-controlled spinning entity in Uzbekistan with a capacity of 220,000 spindles and 236 airjet looms. The ceremony is slated for Tuesday, August 22 in Tashkent. This acquisition has catapulted Spentex as the India's largest spinning enterprise with an installed capacity of over 5, 70, 000 spindles. The acquisition is the first direct investment by an Indian Textiles company into Cotton – rich Uzbekistan and also the largest foreign direct investment in the textile industry in Uzbekistan. The acquisition was done at a cost of USD 81 million would be payable over a period of 4 years.

The company has been selected for Texprocil's Gold Trophy in the category of fabrics from Merchant Exporter's sectors for the year 2005-06 by the Cotton Textiles Export Promotion Council.

Mr Mukund Choudhary, Managing Director, Spentex Industries Limited, said, "We are pleased to note that prominent FII like Goldman Sachs, Voyager Fund and Japanese investors like Nikko group have chosen to invest in our company. We are also glad that a leading domestic mutual fund like Sundaram has shown confidence in the company".

About Spentex Industries Ltd

Spentex Industries Limited is the textiles arm of CLC Group which has interests in textiles and power. It recently took over Indo Rama Textiles Ltd and Amit Spinning Industries Ltd. Spentex employs technologically advanced machinery and has online monitoring and control equipment, supplied by reputed machinery suppliers, to produce high quality yarn consistently. Spentex is in the process of launching specialty yarns in the category of slub yarns, core spun yarns and supima spun cotton yarns. Spentex has earned a name for itself in the overseas market, especially in the Far East and Canada. SIL has a reputed client base – both in domestic and international markets. The recent consolidation of the company has made SIL well equipped to tap exponential growth in the textile and garment sector. SIL has several certifications to its credit. Spentex group's plants are located at Sholapur, Baramati, Kolhapur, Nagpur, Pithampur and Ahmedabad. Recently Citigroup Venture Capital International Growth Partnership, Mauritius (CVC) increased its stake in the company to 32%.

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