



SPENTEX INDUSTRIES LIMITED

Spentex acquires Tashkent To'yetpa Tekstil LLC, Uzbekistan

Becomes India's Largest Yarn Manufacturing Company

NEW DELHI, JULY 24, 2006: In the largest ever cross border acquisition in textiles domain, Spentex Industries Ltd (SIL), (BSE SCRIP ID: SPENTEX) has acquired the business of Tashkent-To'yetpa Tekstil Limited (TTTL), a state-owned spinning company in Uzbekistan. Spentex Industries Ltd acquired Tashkent-To'yetpa Tekstil Limited under the privatisation programme of Government of Uzbekistan at a consideration of USD 81 million. The Government of Uzbekistan has given Spentex a number of incentives including 15% discount on raw cotton, exemption on corporate taxes, customs duty and VAT.

TTTL with a combined capacity of 220,000 spindles and 236 air jet looms catapults Spentex as the India's largest spinning enterprise with an installed capacity of over 570,000 spindles. Spentex Industries formed a subsidiary Spentex Tashkent Toytepa LLC in Uzbekistan. The key highlights of the transaction are:

- The transaction comprises acquisition of two manufacturing facilities located in the cities of Tashkent and To'yetpa. These two state-of-the-art plants are the largest yarn manufacturing facilities in Central Asia with an installed capacity of 220,000 spindles and a weaving capacity of 236 air jet looms
- The acquisition consideration of USD 81million would be payable over a period of 4 years.

Press Release - Spentex acquires spinning units in Uzbekistan -FINAL.doc

- The transaction is the first direct investment by an Indian company into the Republic of Uzbekistan.
- Largest foreign direct investment in the textiles industry in Uzbekistan in recent times.

Speaking on the occasion, **Mr. Mukund Choudhary, Managing Director, Spentex**, said, "The acquisition of these plants is in line with our inorganic growth strategy. Uzbekistan is world's fifth largest cotton producer with 4% share of total output. With proximity to Eastern European markets and availability of quality cotton locally, it makes strategic sense for Spentex to be present in Uzbekistan. Spentex would also benefit from low labour and power cost in Uzbekistan. The transaction is shareholder value accretive and would enable Spentex to emerge as a leading spinning enterprise globally in the next few years."

ICICI securities were the sole strategic advisor on the transaction.

About Tashkent-To'yetpa Tekstil LLC

Tashkent-To'yetpa Tekstil LLC (TTTL) was incorporated in May 2005. These two plants acquired by Spentex were a part of the Uzbek Kabool, a subsidiary of the Korean textiles giant, Kabool Textiles. The plant and machinery at the two facilities has been imported from Japan, Korea and Switzerland. Subsequently, Uzbek Kabool got bankrupt and Tashkent-To'yetpa Tekstil LLC (TTTL) was incorporated by the Uzbekistan government to acquire the yarn manufacturing and weaving assets at Tashkent and To'yetpa from Uzbek Kabool. The lenders to Uzbek Kabool, viz., National Bank of Uzbekistan (NBU) and UzInterImpex, the state cotton supplier to Uzbek Kabool took control of the assets at these two locations and transferred the same to a new incorporated company, TTTL. The company has two plants at Tashkent and To'yetpa. Spentex Industries would form a subsidiary in Uzbekistan which would buy out these plants from NBU and UzInterImpex.

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,

Press Release - Spentex acquires spinning units in Uzbekistan -FINAL.doc

Baramati, Kolhapur, Nagpur, Pithampur and Ahmedabad. Recently Citigroup Venture Capital International Growth Partnership, Mauritius (CVC) increased its stake in the company to 32%.

For more details, please contact

Amrit Agrawal, Group CFO	Kunal Takalkar / Saurabh Saxena
Spentex Industries Limited	Adfactors PR Private Limited
New Delhi	New Delhi
Tel: + 011 26387159/9810510411	Tel: +011 4134 515 -58