

Lohias to exit Indo Rama

• Deal Inked With Chaudhary Group Of Delhi For Rs 167 Cr

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Adieu: OP Lohia

LOHIAS are selling out their yarn manufacturing business Indo Rama Textiles to Delhi-based Choudhary Group in a Rs 167-crore deal. Spentex Industries, a group company of Choudharys, today acquired 14.5% equity stake in Indo Rama Textiles from the Lohias for Rs 38 crore. It would be acquiring the remaining promoter stake of 49.03% and also come up with an open offer to acquire an additional 20% equity of Indo Rama Textiles at Rs 84.15 per share, a premium of 18.6% to today's closing price. Spentex proposes to merge Indo Rama Textiles with itself.

Lohias held 64% in Indo Rama Textiles, a Rs 400-crore, spun yarn manufacturing company with locations in Pithampur (Indore) and Butibori (Nagpur). It produces about 40,000 MT of yarns annually. In a company statement Mukund Choudhary, managing director of Spentex, said, "The acquisition catapults Spentex into the top three yarn manufacturing companies in the country with an installed capacity of around 3.5 lakh spindles. Being a cotton yarns producer, this transaction provides Spentex an opportunity to offer the entire range of yarns to its customers worldwide."

Spentex, originally a RPG Group company, was acquired by the Choudharys two years back. Last year the private equity arm of Citigroup had acquired 32% stake in Spentex for Rs 70.3 crore.

A flagship company of CLC Enterprises of the Choudharys, it is involved in the business of manufacturing and trading cotton yarn. Both the company's stock price took a beating today. While Indo Rama Textiles scrip closed 6.7% down today from its previous closing price of Rs 76, Spentex scrip was down 2.24% at BSE.

The Choudharys had lately been aggressive on the inorganic expansion path. The Indo Rama deal comes close after Spentex took over the assets of Ahmedabad based BIFR case Tai Textiles in a Rs 28 crore deal.