

# Spentex buys majority stake in Indo Rama textiles

Our Bureau

MUMBAI

DELHI-based spinning major Spentex Industries on Wednesday acquired a controlling stake in Indo Rama Textiles for Rs 220.44 crore by buying out promoter's 49.4% and taking its total holding in the company to 84%. The transaction was carried out at Rs 84.15/ share.

The promoter of Indo Rama Textiles, OP Lohia, had held 63.58% in December 2005. On February 17, 2006, Spentex acquired 14.99% equity. It further acquired 20% through an open offer between May 6-20, 2006, which was fully subscribed.

The board of Indo Rama has been reconstituted with five new members — managing director Mukand Chaudhary, wholetime director Kapil Chaudhary, director of finance Amrit Agarwal, and two other senior company officials, SC Grover and SP Sethna. Spentex has invested Rs 120 crore to increase its cotton yarn capacity by 36,000 spindles at its facility in Maharashtra. Earlier this year, Spentex had also acquired Amit Spinning Industries. Indo Rama's capacity of 1.22 lakh spindles, along with Spentex's current 1.59 lakh spindles, will make it the third largest spinning company in the country. Spentex shares rose 4.79% to Rs 64.55 on Wednesday.