LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This document ('Letter of Offer' or 'LoF') is sent to you as a shareholder(s) of Indo Rama Textiles Limited ('IRTL' or the 'Target Company'). If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer or Registrar to the Offer. In case you have recently sold your shares in IRTL, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement and Form of Withdrawal and Transfer Deed to the member of stock exchange through whom the said sale was effected.

CASH OFFER

by

The Acquirer

Spentex Industries Limited

Registered Office: A-60, Okhla Industrial Area, Phase-II, New Delhi 110 020, India

Tel: +91 11 2638 7738, 4161 4999 Fax: +91 11 2638 5181, 4161 4537

for

the acquisition of up to 6,235,658 fully paid-up equity shares representing 20% of the paid-up equity share capital of

Indo Rama Textiles Limited

Registered Office: 51-A, Industrial Area, Sector III, Pithampur 454 774, District Dhar, Madhya Pradesh, India

Telephone : +91 7292 256 567, Fax : +91 7292 256 104

at Rs. 84.15 per Equity Share payable in cash

Attention:

(1) This Offer is being made pursuant to the Regulation 10 and 12 of the Regulations (2) The Offer is not subject to a minimum level of acceptance by the shareholders of IRTL. (3) Approval of RBI under FEMA, if required, for acquiring Shares tendered and accepted under the Offer by non-resident shareholders of IRTL shall be obtained. However, with reference to the above, the open offer will stay on even if Spentex does not get statutory approval of RBI under FEMA. As on date, there are no other statutory or regulatory approvals required, other than those indicated above. (4) The Acquirer will make the application for requisite approval to the RBI, if required, on closure of the Offer for acquisition of the Shares tendered and accepted under the Offer. (5) If there is any further upward revision of the Offer Price by the Acquirer till the last date for revision viz. April 25, 2006 or withdrawal of the Offer subject to compliance with regulation 27 of SAST 1997, the same would be informed by way of a public announcement in the same newspapers in which the Public Announcement had appeared. Such revised Offer Price would be payable for all the Shares tendered anytime during the Offer and accepted under the Offer. (6) Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer, can withdraw the same up to three working days prior to the closure of the Offer i.e. May 2, 2006 **(7) If there is a competitive bid: (i) the public offers under all the subsisting bids shall close on the same date; (ii) as the Offer Price cannot be revised during seven working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly. (8) No competitive bid has been announced as on the date of this Letter of Offer.** (9) A copy of the Public Announcement and Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) is also available on SEBI's website (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER

ICICI Securities	BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD.
ICICI Securities Limited ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020, India Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 Email: irtl_offer@isecltd.com Contact Person: Mr. Ashok Khandelwal	**Beetal Financial & Computer Services Pvt. Ltd.** Beetal House, 3rd Floor, 99, Madangir Behind Local Shopping Centre Near Dada Harsukhdas Mandir, New Delhi 110 062, India Tel: +91 11 2996 1281 Fax: +91 11 2996 1284 E-mail: beetal@rediffmail.com Contact Person: Mr. Punit Mittal

Schedule of the Major Activities of the Offer

	Activity	**Date (Day)**
1	Date of publication of Public Announcement	February 23, 2006 (Thursday)
2	Specified date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	March 24, 2006 (Friday)
3	Last date for announcement of a competitive bid	March 16, 2006 (Thursday)
4	Date by which Letter of Offer will be posted to shareholders	April 8, 2006 (Saturday)
5	Date of Opening of the Offer	April 17, 2006 (Monday)
6	Last date for revising the Offer Price / number of Shares	April 25, 2006 (Tuesday)
7	Last date for withdrawing acceptance from the Offer	May 2, 2006 (Tuesday)
8	Date of Closure of the Offer	May 6, 2006 (Saturday)
9	Date of communicating rejection / acceptance and payment of consideration for applications accepted	May 20, 2006 (Saturday)

RISK FACTORS

Risks related to the proposed Offer

1. The Offer involves an offer to acquire up to 20% of fully paid-up equity share capital of IRTL from the Eligible Persons for the Offer. In the case of oversubscription in the Offer, as per the Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Shares tendered by the shareholders in the Offer will be accepted.

2. In the event that either (a) a statutory and regulatory approval is not received in a timely manner, (b) there is any litigation leading to a stay of the Offer, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of the IRTL whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer may be delayed. In case of the delay, due to non-receipt of the statutory approvals, as per Regulation 22(12) of the Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the wilful default or negligence or failure to diligently pursue on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by the SEBI. Further, shareholders should note that after the last date of withdrawal i.e. May 2, 2006, the shareholders who have lodged the Shares would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.

The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirer under the Offer. The Acquirer may not to be able to proceed with the Offer in the event the approvals are not received in terms of Regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.

3. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer, till the completion of the Offer formalities. Accordingly, the Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the shareholders of IRTL on whether to participate or not to participate in the Offer.

4. The transaction is subject to completion risks as would be applicable to similar transactions.

Risks involved in associating with the Acquirer

5. The Acquirer proposes to acquire ownership and control of IRTL by the direct acquisition of 49.03% of fully paid-up equity share capital of IRTL from the Promoter Group of IRTL pursuant to the Share Purchase Agreement. The Acquirer makes no assurance with respect to the financial performance of the Target Company.

   The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business operations of the Target Company or its subsidiary or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for further risk with respect to their participation in the Offer.

Table of Contents

Definitions

Acquirer	Spentex Industries Limited/Spentex
Act	The Companies Act, 1956
ASE	The Stock Exchange, Ahmedabad
BSE	Bombay Stock Exchange Limited
Business Hours	Monday to Saturdays – 10.00 a.m. to 5.00 p.m. (Closed on Sundays and public holidays)
CDSL	Central Depository Services (India) Limited
CSE	The Calcutta Stock Exchange Association Limited
DP	Depository Participant
DSE	Delhi Stock Exchange Association Limited
Eligible Persons for the Offer	Registered shareholders of IRTL appearing in the Register of Members as on the Specified Date and unregistered shareholders who own the equity shares of IRTL, anytime before the closure of the Offer, except the Acquirer and Promoter group of IRTL

FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance	Form of Acceptance-cum-Acknowledgement
Letter of Offer	This Letter of Offer dated April 4, 2006
Manager / Manager to the Offer	ICICI Securities Limited
MSE	Madhya Pradesh Stock Exchange (Indore)
NRIs	Non-Resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Offer / Public Offer / Open offer	Offer for acquisition of up to 6,235,658 fully paid-up equity shares of face value of Rs. 10 each of IRTL representing 20% of the equity share capital at a price of Rs. 84.15 per Share, payable in cash
Offer Price	Rs. 84.15 per Share
Promoter Group of IRTL	Mr. Om Prakash Lohia, Brookgrange Investments Limited, Mrs. Urmila Lohia, Mr. A. P. Lohia, Ms. Aruna Goenka, Mr. M. L. Lohia, Mrs. Ritika Kumar, Ms. Aradhna Lohia, Mr. Vishal Lohia , Mrs. Rimple Lohia and Mr Yashovardhan Lohia
Public Announcement / PA	Announcement of the Offer made by the Acquirer on February 23, 2006
RBI	Reserve Bank of India
Registrar / Registrar to the Offer / Beetal	Beetal Financial & Computer Services Pvt. Ltd.
Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto up to the date of Public Announcement
SEBI	The Securities and Exchange Board of India
Share(s) / Equity Share(s)	Fully paid-up equity share(s) of face value of Rs. 10 each of IRTL to be acquired pursuant to the Offer not exceeding 6,235,658 Equity Shares
Share Purchase Agreement / SPA	The Agreement, dated February 17, 2006, signed by Spentex and Promoter Group of IRTL Spentex proposes to acquire 49.03% of the fully paid-up equity share capital of IRTL together with management control, subject to fulfilment of certain terms and conditions as per the Share Purchase Agreement
Specified Date	March 24, 2006, being not later than the thirtieth day from the date of PA for the purpose of determining the names of the shareholders of the Target Company to whom the Letter of Offer will be sent.
Target Company / IRTL	Indo Rama Textiles Limited

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF IRTL TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER OR OF THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, ICICI SECURITIES LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 08th, 2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2.1 Background of the Offer

On February 17, 2006, Spentex acquired 4,673,625 equity shares of Rs. 10 each representing 14.99% of the fully paid up equity voting capital of IRTL at a price of Rs. 84.13 through stock exchange mechanism. Thereafter, Spentex has, vide a SPA dated February 17, 2006 executed with the Promoter Group of IRTL, agreed to acquire 15,286,831 equity shares of Rs. 10 each representing 49.03% of the fully paid up equity voting capital of IRTL at a price of Rs. 84.15 per share aggregating to a consideration of Rs. 128.64 crore. In terms of the SPA, the acquisition of the shares and the payment of the consideration for the same shall be completed upon completion of the Public Offer under the Regulations. Further as per the SPA, Spentex has agreed to pay Rs. 1 crore to the Promoter Group of IRTL as a non-compete fee for not engaging in any business in competition with the business of IRTL for a period of one year commencing on the closing date (as defined in the SPA) in the state of Madhya Pradesh or Maharashtra. Citigroup Venture Capital International Growth Partnership Mauritius Limited (CVC) has made an open offer to the shareholders of Spentex under the Regulations vide public announcement dated December 14, 2005. The open offer has commenced on December 28, 2005

As per regulation 23(1)(c) of the Regulations, except with the approval of the shareholders in a general meeting, after the date of public announcement of the offer, the board of directors of the target company shall not during the offer period, enter into any material contracts.

In the aforesaid scenario, since Spentex is the target company and Citigroup being the Acquirer, regulation 23(1)(c) of the Regulations is applicable to Spentex.

The Extra-Ordinary General Meeting of the shareholders of the Acquirer was held on March 17, 2006. The approval of shareholders at the aforesaid extraordinary general meeting has been obtained. Further Citigroup Venture Capital International Growth Partnership Mauritius Ltd. has accorded its no objection to the Open Offer herein vide there letter dated March 3, 2006.

The board of directors of the Acquirer, in its meeting on February 17, 2006 has unanimously approved and authorised Mr. Mukund Choudhary, Managing Director/Mr. Kapil Choudhary, Director – Marketing/Mr. Amrit Agrawal, to execute the SPA with the Promoter Group of IRTL.

Salient features of the SPA, *inter alia,* are:

1) Acquisition of 49.03% of the fully paid-up equity share capital of IRTL for a consideration of Rs. 128.64 crore
2) Spentex has agreed to pay Rs. 1 crore to the Promoter Group of IRTL as a non-compete fee
3) The non-compete undertaking is for not engaging in any business in competition with the business of IRTL for a period of one year commencing on the closing date within the territory of Madhya Pradesh or Maharashtra

The complete address and contact details of the promoters of the Target Company are as follows:

Name	**Address**	**Telephone**	**Fax**
Mr. O.P. Lohia	R-69, Greater Kailash Part-1 New Delhi	+91 11 2335 1101	+91 11 2331 8429
Mrs. Urmila Lohia	R-69, Greater Kailash Part-1 New Delhi	+91 11 2335 1101	+91 11 2331 8429
Mr. Vishal Lohia	R-69, Greater Kailash Part-1 New Delhi	+91 11 2335 1101	+91 11 2331 8429
Mrs. Rimple Lohia	R-69, Greater Kailash Part-1 New Delhi	+91 11 2335 1101	+91 11 2331 8429
M/S Brookgrange Investments Limited	Cenrne House, Chaussec Port Luise Mauritius		
Mr.M.L.Lohia	Grandville House- II Apt 23-C 27/78, SOI 19, Sukhumvit Road, Bangkok		
Mr. A.P. Lohia	Grandville House- II Apt 23-C 27/78, SOI 19, Sukhumvit Road, Bangkok		
Ms. Aradhna Lohia	R-69, Greater Kailash Part-1 New Delhi	+91 11 2335 1101	+91 11 2331 8429
Ms. Aruna Goenka	R-69, Greater Kailash Part-1 New Delhi	+91 11 2335 1101	+91 11 2331 8429
Mrs. Ritika Kumar	C/O Ritspin Synthetics Limited Crescent Towers 5th Floor 229A A J C Bose Road Calcutta		
Mr.Yashovardhan Lohia	R-69, Greater Kailash Part-1 New Delhi	+91 11 2335 1101	+91 11 2331 8429

2.1.1 As per the SPA, the Acquirer would acquire control over IRTL. In view of the above, the Offer is being made under Regulation 10 and 12 of the Regulations for substantial acquisition of shares and control. The Acquirer confirms to acquire 6,235,658 fully paid-up equity shares of IRTL representing 20% of the fully paid-up equity share capital. Prior to the open offer, on February 17, 2006, Spentex acquired 4,673,625 equity shares of Rs. 10 each representing 14.99% of the fully paid up equity voting capital of IRTL at a price of Rs. 84.13 through stock exchange mechanism.

2.1.2 Spentex is a public limited company incorporated on November 25, 1991 under the Companies Act, 1956 to carry on the business of manufacturing of cotton yarn and trading of yarn and fabrics. The registered office of Spentex is located at A-60, Okhla Industrial Area, Phase-II, New Delhi 110 020. The shares of Spentex are listed on Bombay Stock Exchange Limited. Spentex Industries Limited is a textile arm of CLC Enterprises of the CLC Group. CLC Enterprises has an association of more than 5 decades with textile industry. CLC Enterprises has diverse business interests in textiles and power.

2.1.3 Spentex is making a mandatory open offer to acquire up to 6,235,658 fully paid-up equity shares of the face value of Rs. 10 each, representing in the aggregate 20% of the paid-up equity share capital of IRTL at a price of Rs. 84.15 per share payable in cash subject to the terms and conditions mentioned hereinafter. The Offer is being made to all the shareholders of the Target Company other than the Acquirer and the Promoter Group of IRTL.

2.1.4 The Offer is not conditional upon any minimum level of acceptance, i.e. the Acquirer will acquire all the fully paid-up equity shares of IRTL that are tendered in terms of the Offer up to 6,235,658 Shares representing in the aggregate

20% Shares of the outstanding share capital, subject to the conditions specified in this Public Announcement, Letter of Offer and Form of Acceptance-cum-Acknowledgement. During the Offer period, the Acquirer may purchase additional shares of IRTL in accordance with the Regulations.

2.1.5 Neither the Acquirer, nor their directors, has been prohibited by SEBI from dealing in securities in terms of directions issued u/s 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

IRTLand its Promoters (Sellers), have not been prohibited by SEBI from dealing in securities in terms of directions issued u/s 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

2.1.6 As on the date of the Public Announcement, ICICI Securities Limited, the Manager to the Offer did not hold any shares of IRTL.

2.1.7 ICICI Securities Limited shall not deal in the shares of the Target Company during the period commencing from the date of its appointment in terms of Regulation 13 till the expiry of the fifteen days period from the date of Closure of the Offer.

2.2 Details of the proposed Offer

2.2.1 The Public Announcement, published on February 23, 2006, was published in all the editions of the following newspapers in accordance with Regulation 15 of the Regulations:

Newspapers	**Language**	**Editions**
The Financial Express	English	All Editions
Jansatta	Hindi	All Editions
Swadesh	Hindi	Indore

The Public Announcement published on February 23, 2006 is also available on the SEBI website, www.sebi.gov.in.

2.2.2 Pursuant to and subject to the terms and conditions of this Letter of Offer, the Acquirer is hereby making an Offer to the Eligible Persons for the Offer to acquire from them up to 6,235,658 Shares (representing 20% of the fully paid-up equity share capital of IRTL) at a price of Rs. 84.15 (Rupees Eighty Four and Fifteen Paise) per Share, payable in cash. Any upward revision in the Offer with respect to the Offer Price will be announced in the abovementioned newspapers and the revised Offer Price would be payable by the Acquirer for all the Shares tendered anytime during the Offer.

2.2.3 The Shares will be acquired by the Acquirer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

2.2.4 As per the information provided by the Target Company, as on February 23, 2006, there are no partly paid-up equity shares in the Target Company.

2.2.5 The Acquirer has not acquired any Shares since the date of the Public Announcement and up to the date of this Letter of Offer.

2.3 Object of the Offer

2.3.1 The Offer to the shareholders of IRTL is for substantial acquisition of Shares with change in control / management of IRTL, and is made in accordance with Regulation 10 and 12 read with other applicable provisions of the Regulations.

2.3.2 The Acquirer and IRTL are in the same line of business. Pursuant to the SPA, the Acquirer would have a significant share of Indian cotton and blended yarn business. The economies of scale would also result in significant cost advantages.

3. BACKGROUND OF THE ACQUIRER

3.1 Spentex

3.1.1 Spentex is a public limited company incorporated on November 25, 1991 under the Companies Act, 1956 to carry on the business of manufacturing of cotton yarn and trading of yarn and fabrics. The registered office of Spentex is located at A-60, Okhla Industrial Area, Phase-II, New Delhi 110 020. The shares of Spentex are listed on Bombay Stock Exchange Limited. The closing price of Spentex on the BSE on February 22, 2006 (last available market price) was Rs. 46.7 *(Source: www.bseindia.com).*

As Spentex holds shares in the Target Company, provisions of Chapter II of the Regulations are applicable and Spentex has duly complied with the same. The Acquirer belongs to the CLC Group. The Group has an association of more than 55 years with textile industry.

3.1.2 The issued and paid up share capital of the company constitutes of 57,459,191 equity shares of Rs. 10 each aggregating Rs. 574,591,910. The shareholding pattern of Spentex as on December 31, 2005 is as follows:

Shareholder	No. of shares	% holding
Promoters' shareholding		
Indian Promoters	24,651,244	42.9
Persons Acting in Concert	6,002,443	10.4
Total Promoters' shareholding	**30,653,687**	**53.3**
Non-promoters' shareholding		
Institutional Shareholders	17,523,885	30.5
Private Corporate Bodies	1,622,118	2.8
NRIs/OCBs	181,322	0.3
Indian Public	7,442,608	12.9
Any Other	35,571	0.06
Total non-promoter shareholding	**26,805,504**	**46.6**
Total	**57,459,191**	**100.0**

3.1.3 As on the date of PA, the Board of Directors of Spentex is as follows:

Name of Director	Experience	Qualifications	Date of Appointment	Address
Ajay Kumar Choudhary	He has 35 years of experience in textile field.	B.Com	May 5, 2004	X-10, Hauz Khaz, New Delhi 110 016
Mukund Choudhary	He has 13 years of business experience in the textile field.	B.Com	May 5, 2004	7, Padmini Enclave, Hauz Khaz, New Delhi 110 016
Kapil Choudhary	He has 10 years of experience in the textile field. He is responsible for the entire marketing portfolio.	B.Com	May 5, 2004	X-10, Hauz Khaz, New Delhi 110 016
Sitaram Parthasarathy	He has 18 years of operational experience both in spinning and weaving businesses	An Engineering Graduate in Textiles	May 12, 2004	Plot No.2 Vishwamurthy Sai Ganesh Nagar, Bhigwan Road, Baramati 413 102

Deepak Diwan	He is a Senior Corporate Law Advisor and provides consultation on corporate law matters	B.Com Law Graduate.	December 31, 2005	261, Forest Lane Behind Country Club, Sainik Farms, New Delhi 110 068
R.K.Thapliyal	He joined as a Probationary Officer in State Bank of India in the year 1968 and has more than 35 years experience by serving various departments retired as Chief General Manager.	Master Degree in Arts (Economics)	December 31, 2005	2/189, Vivek Khand, Gomti Nagar, Lucknow 226 010
Prem Malik	He has more than 41 years of experience in Textiles & Clothing	Post Graduate Degree from Punjab University	December 31, 2005	162, Basant Apartment, Cuffe Parade, Mumbai 400 005
Pankaj Sharma	He has experience in leading textile mills in operations and marketing over a span of 18 years.	A B. Tech Graudate in Textile Technology, MBA Marketing & a Chartered Engineer	November 29, 2005	Pocket-B, Flat No.12-C SFS Flats, Mayur Vihar, Phase-III, Delhi 110 096

None of the directors of Spentex were on the Board of the Target Company as on the date of the PA.

3.1.4 The audited financial information of Spentex, is given below, in compliance with the provisions of Clause 4.1.9 of the standard letter of offer format as prescribed by SEBI:

(Rs lakhs)

Profit & Loss Statement	**FY2003**	**FY2004**	**FY2005**	**FY2006 9 months Unaudited**
Income from operations	4,314.5	3,633.8	36,354.7	26,753.4
Other Income	5.2	196.0	869.7	626.1
Total Income	**4,319.7**	**3,829.9**	**37,224.4**	**27,379.5**
Total Expenditure	4,407.9	3,481.8	34,846.3	25,235.8
Profit Before Depreciation Interest and Tax	(88.2)	348.0	2.378.1	**2,143.6**
Depreciation	359.0	356.0	602.4	492.7
Interest	669.7	176.0	842.8	633.8
Profit/(Loss) Before Tax	**(1,117.0)**	**(184.0)**	**932.8**	**1,017.0**
Provision for Tax	-	-	(102.2)	(75.6)
Profit/(Loss) After Tax	**(1,117.0)**	**(184.0)**	**1,034.9**	**1,092.7**

Balance Sheet Statement	**FY2003**	**FY2004**	**FY2005**	**FY2006 9 months**
Sources of funds				
Paid up equity share capital	2,222.0	2,222.0	3,720.9	5,745.9
Share Warrants				73.9
Paid up preference share capital	-	-	-	-
Reserves and Surplus (excluding revaluation reserves)	(2,509.6)	(1,341.3)	1,448.9	7,916.0
Networth	(373.2)	836.9	5,164.9	13,723.4
Secured loans	3,557.6	2,699.3	7,219.2	6,646.7

Unsecured loans	561.9	-	703.1	116.9
Total	3,832.0	3,580.0	13,092.2	20,499.6
Uses of funds				
Net fixed assets	4,095.8	3,734.9	6,922.6	12,081.8
Investments	3.5	3.5	1.6	305.8
Net current assets	(353.0)	(202.2)	6,052.8	7,828.3
Deferred Tax Asset	-	-	110.0	271.0
Total miscellaneous expenditure not written off	85.6	43.7	4.9	12.5
Total	3,832.0	3,580.0	13,092.2	20,499.6

Other Financial Data	**FY2003**	**FY2004**	**FY2005**	**FY2006 9 months**
Dividend (%)	-	-	-	-
Earning Per Share (Rs.)	(5.0)	(0.83)	2.7	2.8
Return on Networth (%)	-	-	20.0	7.9
Book Value Per Share (Rs.)	(1.6)	3.77	13.8	23.8*

Source: Annual Reports of Spentex for the years ended March 31, 2003, 2004 and 2005

Un-audited results are reviewed/certified by the Statutory Auditors

Source: The nine month financials have been taken from the Company website

* EPS and Book Value per share are not annualised; therefore it is not comparable with previous years

Auditor to the report: M/s. N M Raiji & Co., Chartered Accountants, Universal Insurance Building, Pherozeshah Mehta Road, Mumbai 400 001 Ph. No. 91 (22) 2287 0068, 2287 3463, Fax No. 91 (22) 2282 8646, 2265 0578.

3.1.5 Spentex acquired 46,73,625 equity shares of Rs. 10 each representing 14.99% of the fully paid up equity share capital through open market on February 17, 2006. Accordingly, Spentex made a declaration under Regulation 7 of the Regulations and Regulation 13 of SEBI (Prohibition of Insider trading) Regulations, 1992 and also informed to all stock exchanges regarding the aforesaid acquisition.

3.1.6 Significant Accounting Policies for the year ended March 31, 2005

1. **System of Accounting**
   The Company follows the mercantile system of accounting and recognises income and expenditure, on an accrual basis except in the cases where there is significant uncertainty of realisation.

2. **Revenue Recognition**
   Export sales are recognised on the date of Bill of Lading. Domestic sales are recognised on the date of dispatch and are net of excise duty, sales tax and textile commission cess wherever applicable.

3. **Fixed Assets and Depreciation**
   The company provides depreciation on straight-line method for all assets situated at manufacturing locations and for all other assets pertaining to selling, marketing and corporate office is provided on Written Down Value Method basis, at the rate provided under Schedule XIV to the Companies Act, 1956.
   Acquired goodwill is being amortised @10% on Straight Line Value Method.

4. **Investments**
   Long-term investments are stated at cost. Provision for diminution in value of investment is made if considered as permanent by the management.

5. **Inventories**
   Inventories including Stores and Spares are valued at weighted average cost or estimated net realisable value whichever is lower. Waste is valued at estimated net realisable value.

6. **Foreign Currency Transaction**
   a) Export sales and other transactions in foreign currencies are recognised at the exchange rate prevailing on the date of transaction.
   Foreign currency assets and liabilities on the Balance Sheet date are restated at the exchange rate prevailing on the Balance Sheet date or at amortised forward contract rate as applicable.
   The exchange difference arising on repayment/restatement of liabilities incurred for acquisition of fixed assets is adjusted to the cost of the relevant assets. Other exchange differences are debited/credited to respective income/ expenditure.
   b) Premium on Forward contracts for foreign currency is recognised over the life of the contract.
   c) Gain or loss on cancellation of forward contracts for foreign currency is recognised in Profit and Loss account of the year.

7. **Miscellaneous Expenditure**
   The company follows the policy of writing off Preliminary Expenses and Share issue expense over a period of 10 years.

8. **Retirement Benefits**
   Gratuity and Superannuation is charged to Profit and Loss Account on the basis of contribution to the fund maintained by LIC of India. Contributions to Provident Fund are charged to Profit and Loss Account on accrual basis. Actuarially valued liability for leave encashment on retirement is provided for by charging the incremental liability to Profit & Loss Account and in case of decrease in liability, treating the same as revenue.

9. **Taxes on Income**
   Current Tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

3.1.7 Status of Corporate Governance and pending Litigation matters

Corporate Governance

Spentex Industries Limited has 4 independent directors on its Board and has constituted the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement with the requisite number of independent directors in each committee. The details are as follows:-

Board of Directors	Category	Member of Audit Committee	Member of Remuneration Committee	Member of Shareholders' Grievance Committee
Mr. Pankaj Sharma	Non-Executive & Independent	Yes	No	Yes
Mr. Deepak Diwan	Non-Executive & Independent	No	Yes	Yes
Mr. R K Thapliyal	Non-Executive & Independent	Yes	Yes	No
Mr. Prem Malik	Non-Executive & Independent	Yes	Yes	No

Spentex has complied with all other provisions as stipulated in Clause 49 of the Listing Agreement.

Pending Litigation

Pending Litigations/disputes against Spentex Industries Limited

1) Show Cause Notice issued by the Directorate General of Central Excise Intelligence, West Zone Unit, Mumbai and Demand made by the Commissioner of Central Excise, Pune under the Central Excise Act, 1944

A Show Cause Notice was issued by the Office of the Directorate General of Central Excise Intelligence, West Zone Unit, Mumbai dated September 24, 2001 and the Company had been called upon to Show Cause for short payment of Central Excise Duty during the financial years 1999-2000 and 2000-01 and for adjustment of an amount of Rs. 28,964/- paid voluntarily and for imposition of penalty under Section 11AC of the Central Excise Act, 1944 along with interest thereon. On the basis of the hearing held before him ,the Commissioner of Central Excise, Pune – III had passed an Order (undated) in June 2003 whereby the demand was confirmed for a sum of Rs. 17,03,086.15 (Rupees Seventeen Lakhs Three Thousand Eighty Six and paise Fifteen Only) against the above mentioned show cause notice against the Company under Sub-Section (2) of Section 11 A of the Central Excise Act, 1944. In addition thereto, a penalty of Rs. 17,03,086.15 (Rupees Seventeen Lakhs Three Thousand Eighty Six and paise Fifteen Only) was imposed on the Company under Section 11AC of the Central Excise Act, 1944. In respect of the above demand of the Commissioner of Central Excise, Pune – III, the Company preferred an Appeal(E/2679&2680/03 & 2276/04) to the Customs Excise and Service Tax Appellate Tribunal (CESTAT: WZB), Mumbai. Pursuant to the Notice dated October 3, 2005, the hearing held on 24th November, 2005 and the matter was referred back to the Commissioner III, Pune.

2) Show Cause Notice issued by the Office of the Dy. Commissioner of Central Excise

A Show Cause Notice has been issued by the Office of the Dy. Commissioner of Central Excise, Pune – VII Division dated March 7, 2002 and the Company had been called upon to Show Cause for short payment of Central Excise Duty amounting to Rs. 29,96,725/- during the period February 2001 to December 2001 and for imposition of penalty under Rule 173 Q(1) (a) of the Central Excise Rules, 2001 along with interest thereon. The hearing was held in the office of Commissioner Pune-III in 3rd October, 2005. Pending decisions in case cited above in para 7.1, no order has been passed by the Commissioner.

3) Income Tax Demand

The income tax demand of Rs. 30, 91,486/- for the year 2000-2001 has been paid by the Company and filed an appeal before CIT by CLC Global Ltd. (amalgamated company)

4) Show Cause Notice in respect of duty demand on Indigenous cotton waste clearance

Show Cause Notice No.V(52)15-21/ADJ/98/{-IIC/758 dated 26/02/1998 for Rs.63,61559/- in respect of duty demand on Indigenous cotton waste clearance (period from 01.03.1993 to 15.03.1995). It was issued by the Commissioner, Central Excise Pune – II. This demand pertains to the Cotton Waste generated in the manufacturing process.

5) Petition filed by BKS vs. RKS before the Industrial Court regarding verification and recognition of Union

A Petition filed by BKS vs. RKS before the Industrial Court regarding verification and recognition of Union (Potential issue of Industrial Relations involved regarding recognition as representative Union). One of the faction RKS may have preferred an Appeal before the High Court for stay of the implementation of the order issued by the Labour Commissioner's Office.

Labour cases:

S.No.	Applicant Vs Opponent	Case Details	Relief Asked For	Court	Present Status
1	Mr.V.S.Bhadgude (Ex-worker) V/s. Cimmco Spinners	Terminated from 20/06/99 due to Heavy Absenteeism	Reinstatement with back wages	Labour Court No.1 BIR No.179 / 1999	Not resolved
2	Mr.V.S.Bhadgude (Ex-worker) V/s. Cimmco Spinners	Illegal Change	Declaration of illegal Change	Labour Court No.1 ULP 1/98	Not resolved
3	Mr. Vithal Gaikwad (Contract Worker) V/s. Cimmco Spinners	W.C.Claim for Rs.32,256/- plus interest from 21/07/96	Asking for workmen compensation	Labour Court No.1 13/98	Not resolved
4	Cimmco Spinners Empl. Union V/s. Cimmco Spinners	Illegal Change From 30/06/99	Declaration of illegal Change	Industrial Court 102/99	Not resolved
5	Cimmco Spinners V/s. Cimmco Spinners Empl. Union	Go Slow from 10/10/2000 case filed on 16/10/2000	Declaration of Slow & illegal Change	Industrial Court 192 / 2000	Not resolved
6	Mr. Sudhir B. Thorat V/s. Cimmco Spinners	Retrenchment 17/07/2003 due to his resignation	Reinstatement with back wages	Labour Court 5/2004	Not resolved

3.1.8 Mr. B V R Murthy, Asst. Manager – Secretarial is the Compliance Officer. The correspondence address is as below:

Mr. B V R Murthy
Compliance Officer
Spentex Industries Limited
A-60, Okhla Industrial Area, Phase II
New Delhi 110 020
Tel: +91 11 2638 7738
Fax: +91 11 2638 5181
E-Mail: murthy@clcindia.com

3.1.9 Mergers, demergers and / or spin-offs involving Spentex during the last three years

Spentex acquired CLC Corporation, a partnership firm under Section 391 – 394 of the Companies Act, 1956 pursuant to a scheme of arrangement approved by the Hon'ble High Court, Mumbai and Delhi w.e.f. April 1, 2004.

Date of Court petition filed	January 14, 2005
Court convened shareholders and creditors meeting	March 19, 2005
Court Order	June 17, 2005
Allotment of Shares	July 16, 2005
Listing of Shares	September 6, 2005

CLC Global Ltd. a listed company merged with the Spentex under Section 391 – 394 of the Companies Act, 1956 pursuant to Scheme of Amalgamation approved by the Hon'ble High Court, Delhi w.e.f. April 1, 2004.

Date of Court petition filed	July 8, 2005
Court convened shareholders and creditors meeting	August 17, 2005
Court Order	November 23, 2005
Allotment of Shares	December 14, 2005
Listing of Shares	February 8, 2006

3.2 Details of companies promoted by the Acquirer in last 3 years

The Acquirer has not promoted any company during the last 3 years

3.3 Disclosure in terms of Regulation 16(ix)

The Acquirer would, pursuant to acquisition of shares as envisaged in the SPA, get control over the Target Company. The Acquirer does not intend to dispose of or otherwise encumber any assets of the Target Company, in the succeeding two years, except to the extent that may be required (i) in the ordinary course of business of the Target Company and/or (ii) for the purposes of restructuring, rationalising and/or streamlining various operations, assets, liabilities, investments, businesses or otherwise of the Target Company. Notwithstanding the immediately preceding sentence, it will be the responsibility of the board of directors of IRTL to make appropriate decisions in these matters, in accordance with the requirements of the business of IRTL and in line with opportunities or changes in the economic scenario from time to time. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws at the relevant time. Further, the Acquirer undertakes not to sell, dispose off or otherwise encumber any substantial assets of IRTL, except with the prior approval of shareholders of IRTL, as may be required under law.

3.4 Future plans/strategies of the Acquirer with regard to the Target Company

The Acquirer intends to review from time to time IRTL's business affairs and financial position. Based on such evaluation and review, as well as general economic and industry conditions existing at the time, the Acquirer may consider from time to time, various alternative courses of action. Such actions may involve the sale of all or a portion of the Shares in the open market, in privately negotiated transactions, or otherwise, subject to the provisions of the applicable law at the relevant time.

However, the Acquirer intends to integrate its textile business under a single entity, which in its absolute discretion may include, *inter alia*, merger of the Target Company with the Acquirer at an appropriate point of time. Further, the Acquirer reserves the right to induct its nominees on the board of the Target Company after complying with the provisions of the Regulations.

All owners of Shares, registered or unregistered, except the Acquirer and the Promoter Group of IRTL, are eligible to participate in the Offer anytime before closure of the Offer.

4. Disclosure in terms of Regulation 21(2) of the Regulations

4.1 Pursuant to this Offer, the Acquirers would ensure that they would comply with provisions of Regulation 21(2) of the Regulations.

5. BACKGROUND OF IRTL

5.1 Indo Rama Textiles Limited is a public limited company incorporated on August 2, 1989 under the Companies Act and having its registered office at 51-A, Industrial Area, Sector III, Pithampur 454 774, District Dhar, Madhya Pradesh, India. The objects of Indo Rama Textiles include manufacture of cotton and blended yarn. The shares of IRTL are listed on BSE, NSE, CSE, DSE, ASE and MSE. The closing price of IRTL as on the NSE on February 28, 2006 (last available market price) was Rs. 72.30 (Source: www.nseindia.com)

5.2 IRTL is engaged in manufacture of cotton and blended yarn. The company has a state of the art plant at Pithampur (Indore) and Butibori (Nagpur). The two plants combined produce close to 40,000 MT of Yarns in blends, polyester/cotton, polyester/viscose, 100% polyester & 100% viscose.

5.3 The issued and paid-up equity share capital of the IRTL consists of 31,178,288 fully paid-up equity shares of the face value of Rs. 10 each, aggregating to approximately Rs. 31.18 crore. There are no partly paid up equity shares.

5.4 The shareholding pattern of IRTL as on February 23rd, 2006 is as below:

Shareholder	No. of shares	% holding
Promoters' shareholding		
Indian Promoters	3,864,993	12.4
Persons Acting in Concert	11,421,838	36.6
Total Promoters' shareholding	**15,286,831**	**49.0**
Non-promoters' shareholding		
Institutional Shareholders	901,342	2.9
Private Corporate Bodies	7,983,729	25.6
NRIs/Foreign Companies	1,144,268	3.7
Indian Public	5,862,118	18.8
Any Other		
Total non-promoter shareholding	**15,891,457**	**51.0**
Total	**31,178,288**	**100.0**

The change in the shareholding pattern of promoters as and when it happened in the target company

% Shareholding	**July 31st 2003**	**December 31st 2003**	**December 31st 2004**	**December 31st 2005**
Indian Promoters	17.39%	22.03%	26.95%	26.95%
Persons Acting in Concert	37.28%	37.28%	37.27%	36.63%
Total Promoters' shareholding	54.67%	59.31%**	64.22%*	63.58%

*Disclosure under Regulation 7(3) was sent on 16.8.2004 (within time specified) which is already indicated in LOA for acquisition of 15,00,000 Lakh (4.81%) shares by Mr.O.P.Lohia (Promoter)

**Disclosure under Regulation 7(3) was sent on 18.10.2003 (within time specified) which is already indicated in LOA for acquisition of 14,26,913 (4.58%) Lakh shares by Mr.O.P.Lohia (Promoter)

5.5 The build-up of capital structure of IRTL since incorporation is given below:

Date of Allotment	Number of Shares	%age	Cumulative Paid up Capital	Mode of Allotment	Identity of the Allottee	Status of Compliance
2.8.1989	700	100%	7,000	Subscription to the M/A	Subscribers to the M/A	Complied
21.12.1991	49,300	98.60%	500,000	U/s 81(1A)	Private Placement	Complied
29.11.1993	50,000	50%	1,000,000	Bonus Shares	Allotted to the existing Share holders	Complied
03.06.2003	33,234,621	99.70%	333,346,210	Allotted pursuant to scheme of De-merger	Existing Shareholders of IRSL pursuant to the scheme of de-merger	Complied
19.8.2003	2,156,333 0.1% Redeemable Preference Shares	-	Equity Share 311,782,880 Preference Share 21,563,330	Pursuant to the scheme of De-merger	As per the scheme of De-merger the equity Share holders were given an exit option by allotment of 2,156,333 Redeemable Preference Shares upon cancellation of equal number of Equity Shares Please Note that the said Preference Shares have already been redeemed in full on November 19, 2004	Complied with
19.11.2004	NIL	100%	311,782,880	After redemption the paid up Share Capital of the Company is Rs 311,782,880	-	Complied

5.6 As per the information provided by the Target Company, the Target Company has complied with all the provisions of the Listing Agreement. Further, no punitive action has ever been initiated against IRTL by any of the stock exchanges where its shares are listed.

5.7 As on February 23rd, 2006, the board of directors of IRTL comprised of the following:

Name	Experience	Qualification	Date of Appointment	Residence Address
Mr.O.P.Lohia	More than 35 years of experience in the man-made fibre industry	Commerce Graduate	Since Inception 02.08.1989	R-69, Greater Kailash Part - I, New Delhi-110048
Mrs.Urmila	More than 17 years of	Graduate	Since Inception	R-69, Greater Kailash

Lohia	Business experience.		02.08.1989	Part - I, New Delhi-110048.
Mr. Vishal Lohia * (Whole Time Director)	5 years of Business experience.	Bachelor's Degree in Finance and Economics from USA	22.07.2004	R-69, Greater Kailash Part - I, New Delhi-110048.
Mr.A.K.Ladha	More than 35 years of experience as Business Executive in various aspects of Management viz., Production, Finance, Marketing and General Administration.	Commerce Graduate	Since Inception 02.08.1989	W-40, Greater Kailash Part- I New Delhi-110048
Mr.P.K.Rai	Retired Executive of MPSIDC. He has more than 35 years of experience in Industrial and Project Financing.	B.Sc. Engineering (Mechanical)	03.06.2003	E-1/180, Arera Colony, (Near Allahabad Bank) Bhopal – 462016

* Mr. Vishal Lohia was elevated as Whole Time Director w.e.f. 26.10.2004.

5.8 The audited financial details of IRTL are as under, in compliance with the provisions of Clause 6.14 of the Standard Letter of Offer format as prescribed by SEBI:

(Rs lakhs)

Profit and Loss Statement	**FY2003**	**FY2004**	**FY2005**	**FY2006 9 months Unaudited**
Income from operations	30,759.2	35,186.4	39,193.4	27,734.3
Other income	172.3	1,229.7	810.5	238.9
Total Income	**30,931.5**	**36,416.0**	**40,003.9**	**27,973.3**
Total Expenditure	28,656.4	32,678.9	36,014.3	25,251.0
Profit before Depreciation, Interest and Taxes	**2,275.1**	**3,737.1**	**3,989.6**	**2,722.3**
Depreciation	1,314.1	1,297.0	1,317.0	966.7
Interest	627.8	659.1	592.0	285.2
Profit Before Tax	**333.2**	**1,781.0**	**2,080.6**	**1,470.4**
Provision for Tax	(453.4)	856.1	852.7	518.0
Profit After Tax	**786.6**	**924.9**	**1,227.9**	**952.4**

(Rs lakhs)

Balance Sheet Statement	**FY2003**	**FY2004**	**FY2005**	**FY2006 9 months**
Sources of Funds				
Paid-up Equity Share Capital	3,334.3	3,225.7	3,117.8	3,117.8
Reserves and surplus (excluding revaluation reserves)	8,801.9	8,938.6	9,231.8	10,184.2
Net worth	**12,136.1**	**12,164.3**	**12,349.7**	**13,302.0**
Secured Loans	1,282.4	6,872.9	4,990.4	3,946.2
Unsecured Loans	5,023.5	182.3	1,096.8	-
Total	**18,442.1**	**19,219.4**	**18,436.9**	**17,248.2**
Uses of Funds				
Net fixed Assets (excluding revaluation reserves)	14,213.3	13,764.8	12,720.8	11,842.6
Investments	16.7	103.1	16.7	200.0
Net Current Assets	2,260.2	4,207.5	5,311.1	5,223.2

Total Miscellaneous Expenditure Not Written-Off	52.9	8.0	0.0	-
Deferred Tax Assets (Net)	1,899.1	1,136.0	388.4	(17.6)
Total	**18,442.1**	**19,219.4**	**18,436.9**	**17,248.2**

Other Financial Data	**FY2003**	**FY2004**	**FY2005**	**FY2006 9 months**
Dividend per Share (%)	10%	15%	20%	-
Earnings per Share (Rs.)	2.4	2.9	3.9	3.10*
Return on Net worth (%)	6.5%	7.6%	9.9%	7.1
Book Value per Share (Rs.)	36.4	39.0	39.6	42.6*

Source: Annual Reports of IRTL for the years ended March 31, 2003, 2004 and 2005
Un-audited results are reviewed/certified by the Statutory Auditors

Source: The nine month financials have been taken from the Company website
* EPS and Book Value per share are not annualised; therefore it is not comparable with previous years
The un-audited figures for 9 month ended December 2005 is without Interim Dividend declared in the Board meeting held in February'06. The Company had declared an Interim Dividend of 23% in February 2006

5.9 The equity shareholding in IRTL before the Offer and after the Offer (assuming full acceptance of the Offer) is given in the table below:

	Shareholders' Category	Shareholding /Voting Rights prior to the Offer (A)		Shares / Voting Rights agreed to be acquired which triggered off the Regulations (B)		Shareholding / Voting Rights to be acquired in the Open Offer (Assuming full acceptances) (C)		Shareholding / Voting Rights after the Acquisition and Offer (D)	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1.	Promoter Group of IRTL	15,286,831	49.03					-	-
	Total 1	15,286,831	49.03						
2.	Acquirer (Spentex Industries)	4,673,625	14.99	15,286,831	49.03	6,235,658	20.00	23,383,716	75.00
	Total 2	4,673,625	14.99	15,286,831	49.03	6,235,658	20.00	23,383,716	75.00 **
3.	Parties to Agreement other than (1)(a) and (2) above	-	-	-	-	-	-	-	-
	Total 3	-	-	-	-	-	-	-	-
4.	Public (other than parties to Agreement, Acquirer)								
	a) FIs / MFs / FIIs/ Banks / SFIs/PCB	5,355,714	17.18			*	*	*	*
	b) Others	5,862,118	18.80			*	*	*	*

	Total 4 (a+b)	**11,217,832**	**35.98**			*	*	**7,794,572**	**25.00**
	Grand Total (1+2+3+4)	**31,178,288**	**100.00**			*	*	**31,178,288**	**100.00**

Source: The above figures are based on the information as on February 23rd, 2006

Note *: The entire 20% shares of the Target Company envisaged to be acquired by the Acquirer would be from the categories of the shareholders mentioned in 4(a) and 4(b) above and therefore the post offer holding of these shareholders are not ascertainable at this stage and would depend on the quantum of acceptance received from them. However the post issue holding of these shareholders shall not be less than 25% of the share capital of the Company.

** The Acquirer shall ensure strict compliance with the provisions of Regulation 21(2) of the Regulations. Post Open Offer, the shareholding of the present promoters of IRTL will be Nil.

5.10 As on February 28, 2006, there were 20,851 shareholders in IRTL. Out of the same, 20,840 shareholders are in public category

5.11 The trading of the shares of the Target Company have neither been suspended by any stock exchange nor has there been any instance of refusal to list its shares.

5.12 The following is the status of compliance with Chapter II of the Regulations by the Acquirer and Target Company with regard to itself, promoters and major shareholders within the time specified in the Regulations and delay if any with regard to the same.

A Status of compliance with the provisions of Chapter II of the Takeover Regulations (as applicable) for Acquirer is as follows:

Sl. No.	Regulation / Sub-regulation	Due date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4 - Col. 3	Remarks
1	**2**	**3**	**4**	**5**	**6**
1	6(1)	20.04.1997	N.A	N.A.	
2	6(3)	20.04.1997	N.A	N.A	
3	8(1)	21.04.1998	N.A	N.A	
4	8(2)	21.04.1998	N.A	N.A	
5	8(1)	21.04.1999	N.A	N.A	
6	8(2)	21.04.1999	N.A	N.A	
7	8(1)	21.04.2000	N.A	N.A	
8	8(2)	21.04.2000	N.A	N.A	
9	8(1)	21.04.2001	N.A	N.A	
10	8(2)	21.04.2001	N.A	N.A	
11	8(1)	21.04.2002	N.A	N.A	
12	8(2)	21.04.2002	N.A	N.A	
13	8(1)	21.04.2003	N.A	N.A	
14	8(2)	21.04.2003	N.A	N.A	
15	8(1)	21.04.2004	N.A	N.A	
16	8(2)	21.04.2004	N.A	N.A	
17	8(1)	21.04.2005	N.A	N.A	
18	8(2)	21.04.2005	N.A	N.A	
19	7(1) & (2)	21.02.2006**	17.02.2006	NIL	
20	7(1A) & (2)	21.02.2006**	18.02.2006	NIL	

** 18-02-2006 & 19-02-2006 are Saturday and Sunday.

B. Status of compliance with the provisions of Chapter II of the Takeover Regulations (as applicable) for the Acquirer

Sl. No.	Regulation / Sub-regulation	Due date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4 - Col. 3	Remarks
1	2	3	4	5	6
1	6(2)	20.05.1997	17.04.1997	Nil	
2	6(4)	20.05.1997	17.04.1997	Nil	
3	8(3)	30.04.1998	13.04.1998	Nil	
4	8(3)	30.04.1999	07.04.1999	Nil	
5	8(3)	30.04.2000	28.04.2000	Nil	
6	8(3)	30.04.2001	11.04.2001	Nil	
7	8(3)	30.04.2002	08.04.2002	Nil	
8	8(3)	30.04.2003	30.04.2003	Nil	
9	7(3)	10.01.2004	07.01.2004	Nil	
10	8(3)	30.04.2004	12.04.2004	Nil	
11	8(3)	05.06.2004	01.06.2004	Nil	
12	8(3)	11.08.2004	05.08.2004	Nil	
13	8(3)	30.04.2005	22.04.2005	Nil	
14	7(3)	06.09.2005	05.09.2005	Nil	
15	7(3)	10.12.2005	10.12.2005	Nil	
16	7(3)	16.12.2005	17.12.2005	Nil	

C Status of compliance with the provisions of Chapter II of the Takeover Regulations (as applicable) for the promoters of the Target Company is as follows:

Sr. No.	Regulation/ Sub-Regulation	Due date of compliance as mentioned in the Regulation	Actual Date of Compliance	Delay, if any (in no. of days) (Col.4 – Col.3)	Remarks
1	2	3	4	5	6
1	6(1)	20.04.1997	N.A.	N.A.	
2	6(3)	20.04.1997	N.A.	N.A.	
3	8(1)	21.04.1998	N.A.	N.A.	
4	8(2)	21.04.1998	N.A.	N.A.	
5	8(1)	21.04.1999	N.A.	N.A.	
6	8(2)	21.04.1999	N.A.	N.A.	
7	8(1)	21.04.2000	N.A.	N.A.	
8	8(2)	21.04.2000	N.A.	N.A.	
9	8(1)	21.04.2001	N.A.	N.A.	
10	8(2)	21.04.2001	N.A.	N.A.	
11	8(1)	21.04.2002	N.A.	N.A.	
12	8(2)	21.04.2002	N.A.	N.A.	
13	8(1)	21.04.2003	N.A.	N.A.	
14	8(2)	21.04.2003	N.A.	N.A.	
15	8(1)	21.04.2004	7/04/2004	Nil	
16	8(2)	21.04.2004	7/04/2004	Nil	
17	8(1)	21.04.2005	7/04/2005	Nil	
18	8(2)	21.04.2005	7/04/2005	Nil	
19	7(1A) and (2)	17.10.2003	17.10.2003	Nil	

20	7(1A) and (2)	15.08.2004	14.08.2004	Nil

D. Status of compliance with the provisions of Chapter II of the Takeover Regulations (as applicable) for Target Company is as follows

Sr.No.	**Regulation/ Sub-Regulation**	**Due date of compliance as mentioned in the Regulation**	**Actual Date of Compliance**	**Delay, if any (in no. of days) (Col.4 – Col.3)**	**Remarks**
1	**2**	**3**	**4**	**5**	**6**
1	6(2)	20.5.1997	N.A.	N.A.	
2	6(4)	20.5.1997	N.A.	N.A.	
3	8(3)	30.4.1998	N.A.	N.A.	
4	8(3)	30.4.1999	N.A.	N.A.	
5	8(3)	30.4.2000	N.A.	N.A.	
6	8(3)	30.4.2001	N.A.	N.A.	
7	8(3)	30.4.2002	N.A.	N.A.	
8	8(3)	30.4.2003	21.07.03*	Shares of the Company got Listed w.e.f 14th July,2003 itself	
9	7(3)	24.10.2003	18.10.2003	NIL	
10	8(3)	30.4.2004	07.04.04	NIL	
11	7(3)	26.04.2004	22.04.2004	NIL	
12	7(3)	21.08.2004	16.08.2004	NIL	
13	8(3)	30.04.2005	07.04.2005	NIL	
14	7(3)	27.02.2006	22/02/2006	NIL	
15	7(3)	27.02.2006	24/02/2006	NIL	

5.13 Status of Corporate Governance & Pending Litigation

Corporate Governance

Indo Rama Textiles Limited has 2 independent directors on its Board and has constituted the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement with the requisite number of independent directors in each committee. The details are as follows:-

Board of Directors	**Category**	**Member of Audit Committee**	**Member of Remuneration Committee**	**Member of Shareholders' Grievance Committee**
Mr.O.P.Lohia	Non Independent- Promoter Director	Member	-	Chairman
Mrs.Urmila Lohia	Non Independent - Non Executive Director	-	Member	-
Mr. Vishal Lohia	Executive Director	-	-	Member
Mr.A.K.Ladha	Independent- Non Executive Director	Chairman	Chairman	Member
Mr.P.K.Rai	Independent – Non Executive Director	Member	Member	-

Pending Litigations
Major Pending Litigations/disputes against Indo Rama Textiles Limited

Labour Cases

S No	Applicant	Dispute	Brief particulars	Current status
1	IRTL V/s P K NAGAR	Termination of Mr.P.K.Nagar - Store Executive	Employee was terminated in Sep 2001, subsequently he filled a case in labour court. Labour court directed for re-instatement with back wages. Since, management has not reinstated him therefore he has filed a criminal case for non-compliance of court order.	For evidence
2	P N BHATKAR & OTH v/S IRTL	Transfer Case Mr.P.N.Bhatkar & Mr.Ganesh Singh	Mr.P.N.Bhatkar & Mr.Ganesh Singh, were transferred from Pithampur to Coimbatore & Mumbai Office. Both of them have challenged the transfer order in Industrial Tribunal, Indore	For evidence, meanwhile services of both the employees have been terminated.
3	IRTL V/S NAND KISHORE	Nandkishore Kushwah - Suspension	Industrial court has given direction to pay the salary for the period from 18/11/98 to till date. He has claimed the relief for re-instatement and back wages and court has allowed his application and directed to pay the back wages up to the date of re-instatement.	Contingent liability Rs.4,00,000 to pay the back wages.
4	IRTL V/S SATISH KUMAR	Satish Kumar - Termination	A case of termination. He has challenged the termination before labour court Dhar. He has claimed relief for re-instatement & back wages.	For evidence
5	IRTL V/S HARIBABU SHUKLA	Haribabu shukla - workmen compensation	Mr.H.B.Shukla met with an accident while he was on duty and he has filed a case for compensation under W.C. Act. Since, all company employees are covered under W.C. policy therefore liability will be of the insurance company.	For evidence
6	IRTL V/S VINOD ROY	Vinod Roy- MPIR & WC Act.	He has claimed relief for re-instatement & back wages. He was employed by M/s Bajrang lal sharma contractor, but he has filed the case before labour court showing himself employee of the company and has claimed the relief for re-instatement with back wages.	For Reply
7	IRTL V/S RAMESH BILALA	Ramesh Bilala- MPIR & WC Act.	He met with an accident and filed a FIR at Pithampur police station. He was employed with M/s Bajrang lal sharma contractor. He has claimed relief of compensation, re-instatement and back wages.	For Reply
8	IRTL V/S MANOHAR TOTARAM	Manohar Totaram - motor accident	Mr. Totaram has filed a criminal case against accident case in civil court.	For evidence

9	IRTL V/S EX EMPLOYEES	21 cases of ex-employees filled in industrial tribunal at indore for re-instatement with back wages.	7 terminated employees filed cases for re-instatement / back wages / services conditions / non compliance of salary & filled. They have also filed criminal cases against management for harrasment.	For evidence
10	IRTL V/S EX EMPLOYEES	07 cases of ex-employees filled in industrial tribunal	Labour court directed re-instatement without back wages dated 08/12/04. Subsequently an appeal under section 65 of MPIR act 1960 has been filed in the industrial tribunal indore	For evidence
11	IRTL V/s RPFC	Under Sec 7 A of PF Act	A complaint was made by self styled union Smt.Nirmal Vyas Vice President Rangada Dal Mill Mazdur Union, to the RPFC Indore that the company was not extending EPF facility to his employees. Accordingly a proceeding under 7A of EPF & Misc Provision Act 1952 was initiated on 01/07/1999.	We have filled an appeal in appellant tribunal new Delhi & deposited 50% amount of 31Lacs

Present Status of Cases against the Company (Major legal cases)

S No	NATURE OF THE DISPUTE	EXTENT OF THE LIABILITY	BRIEF PARTICULARS OF THE DISPUTES	CURRENT STATUS
1	Excise Cenvat	Duty - Rs. 632,035 Penalty - Rs. 160,000	Excise Department wants reversal of Modvat taken on the Furnace Oil used for generating power for supply to colony during the period from October,1997 to September,2001	Matter Pending before CESTAT
2	Excise Cenvat	Duty - Rs. 148,512	Excise Department wants reversal of Modvat taken on the Furnace Oil used for generating power for supply to colony during the period from October,2001 to September,2002	Matter Pending before CESTAT

3	Captive Power Policy dated 21.2.2001 of the State of Madhya Pradesh (IRTL)	Rs. 4.01Crs. Demand Notice dt.11.11.02	IRTL moved an application before MPSEB for supply of electricity. The said electricity could not be supplied due to shortage. IRTL sought permission for establishing the DG set for generating electricity for its own consumption. Permission was granted by MPSEB however after some time MPSEB issued a notice compelling IRTL to purchase 50% electricity of the total electricity consumed by IRTL from MPSEB. It was argued that since MPSEB failed to supply the required electricity, IRTL established its own DG set. Hence it can not purchase electricity form MPSEB. MPSEB issued notice to IRTL stating therein whether or not IRTL purchase the electricity from MPSEB, it has to pay the cost of electricity equivalent to 50% of the consumption of electricity by IRTL. IRTL has challenged the said demand and the matter is pending before MP High Court at Jabalpur.	Interim stay granted by M.P. High Court. The main case is pending for adjudication
4	Electricity Cess matter – Pithampur (IRTL)	Rs. 1.0 Crore	The MP Govt. vide its ordinance No. 2 of 2001 published on 29.6.2001 imposed Energy Development Cess @ 20 paise per unit on the electricity produced by the captive power unit or diesel generator set of capacity exceeding 10 KW and by this ordinance the Govt. imposed only 1 paise per unit cess from other consumers. The above ordinance became an act on 17.9.2001. IRTL challenged the said notification which is pending before High Court at Jabalpur	The latest development in the case is that the Madhya Pradesh Govt. has made amendment and reduced the cess from 20 paise to 10 paise. However IRTL is challenging the same that the 10 paise is also bad in law, arbitrary, illegal and unjustified.

5.14 Mr. Ashish Sharma, Company Secretary, IRTL, is the compliance officer. The correspondence address is as below:

Mr. Ashish Sharma
Company Secretary
Indo Rama Textiles Limited
903, Mohandev
13, Tolstoy Marg
New Delhi 110 001
Tel: +91 11 2373 7686
Fax +91 11 2335 5364
E-mail: ashish.sharma@indorama-ind.com

5.15 Mergers, de-mergers or spin off during the last 3 years.

Indo Rama Synthetics (India) Limited de-merged its spinning business into Indo Rama Textiles Limited on 31st March, 2003 with effect from the Appointed Date i.e., 1st April, 2002 with the approval of High Courts at Delhi and Madhya Pradesh on a going concern basis. Apart from this there has been no other merger, de-merger relating to the Company.

5.16 There are no outstanding convertible instruments (warrants / FCDs / PCDs) etc. for calculating voting rights of Target Company.

5.17 IRTL has complied with the listing requirements and no penal action has been taken by any of the Stock Exchanges where shares of Indo Rama Textiles Limited are listed and / or permitted to trade. IRTL and its Promoters have not been prohibited by Securities and Exchange Board of India from dealing in securities in terms of directions issued under section 11B of the SEBI Act.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

6.1.1 The shares of IRTL are listed on BSE, NSE, CSE, DSE, ASE and MSE. The Public Announcement by the Acquirer, pursuant to Regulation 10 and 12 and other applicable provisions of Chapter III of, and in compliance with, the Regulations was made on February 23, 2006. The annualised trading turnover during the preceding six calendar months ended 22rd February on BSE & NSE is detailed in the table below.

Name(s) of stock exchange(s)	**Total number of shares traded during six calendar months ended 22nd February 2006**	**Annualised trading turnover (in terms % of total listed shares)**
NSE	11,967,806	76.8
BSE	6,477,281	41.5

Source: www.bseindia.com, Bloomberg

6.1.2 The Offer Price of Rs. 84.15 per Share is justified in terms of Regulation 20(11) of the Regulations, as it is more than the highest of the following:

a	Negotiated price under the Agreement referred to in Regulation 20(4)(a)	Rs 84.15
b	Highest price paid by the Acquirer for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the 26-week period prior to the date of the Public Announcement	Rs. 84.15
c	The average price calculated as per Regulations 20(4)(c) during the 26-week period prior to the date of the Public Announcement on NSE, where it is most frequently traded	Rs. 52.69
d	The average price calculated as per Regulations 20(4)(c) during the 2-week period prior to the date of the Public Announcement on NSE, where it is most frequently traded	Rs. 73.30

The details of the price and volume data on the NSE are as under:

26-week Weekly High / Low

CLOSING PRICE AT NSE					
Week Number	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (Number of Shares)
1	22-Feb-06	72.50	71.70	72.10	53,569
2	15-Feb-06	77.30	70.50	73.90	2,54,588
3	8-Feb-06	68.00	65.05	66.53	1,89,100
4	1-Feb-06	65.40	60.10	62.75	65,784
5	25-Jan-06	69.80	62.00	65.90	1,37,591

6	18-Jan-06	58.00	56.75	57.38	39,374
7	10-Jan-06	64.45	53.10	58.78	5,24,014
8	4-Jan-06	52.80	50.15	51.48	36,747
9	28-Dec-05	54.00	51.50	52.75	51,421
10	21-Dec-05	49.00	45.60	47.30	49,744
11	14-Dec-05	46.00	45.00	45.50	12,470
12	7-Dec-05	44.50	42.55	43.53	13,825
13	30-Nov-05	44.00	43.30	43.65	9,462
14	23-Nov-05	44.45	43.05	43.75	7,484
15	16-Nov-05	46.85	45.40	46.13	20,930
16	9-Nov-05	44.25	41.50	42.88	21,131
17	2-Nov-05	42.65	41.55	42.10	6,998
18	26-Oct-05	44.90	42.60	43.75	13,007
19	19-Oct-05	45.95	43.10	44.53	17,505
20	11-Oct-05	52.40	47.50	49.95	33,075
21	5-Oct-05	54.00	47.50	50.75	13,406
22	28-Sep-05	51.35	49.35	50.35	45,918
23	21-Sep-05	54.70	48.00	51.35	83,070
24	14-Sep-05	55.85	53.70	54.78	67,767
25	6-Sep-05	62.90	51.00	56.95	13,43,905
26	31-Aug-05	52.00	50.55	51.28	88,516

Source: NSE

The average price calculated as per Regulations 20(4)(c) during the 26-week period prior to the date of the Public Announcement on NSE, where it is most frequently traded is Rs. 52.69

2-week Daily High / Low

INTRA-DAY PRICE AT NSE					
Day Number	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (Number of Shares)
1	22-Feb-06	72.50	71.70	72.10	53,569
2	21-Feb-06	73.20	72.00	72.60	83,211
3	20-Feb-06	74.30	71.25	72.78	2,59,448
4	17-Feb-06	82.90	70.00	76.45	6,35,553
5	16-Feb-06	76.65	73.90	75.28	1,79,885
6	15-Feb-06	77.30	70.50	73.90	2,54,588
7	14-Feb-06	73.70	69.50	71.60	79,380
8	13-Feb-06	76.00	72.55	74.28	1,60,403
9	10-Feb-06	72.95	68.60	70.78	1,86,088

Source: NSE

The average price calculated as per Regulations 20(4)(c) during the 2-week period prior to the date of the Public Announcement on NSE, where it is most frequently traded is Rs.73.30

In compliance with Regulation 20(7), the Acquirer has not acquired any shares in the open market or through negotiation or otherwise, after the date of public announcement at a price higher than the offer price stated in the Letter of Offer.

6.1.3 The shares of IRTL are infrequently traded on CSE, DSE, ASE and MSE within the meaning of explanation (i) to Regulation 20(5) of the Regulations. The financial parameters based on the audited financials for the year ended March 31, 2005 for IRTL are:

(a) Return on Average Net-worth of 10.0%
(b) Book Value per share of Rs. 39.6
(c) Earnings per Share (EPS) of Rs.3.9 and
(d) P/E multiple: 20.74 and Industry P/E multiple of 30.87

(Source Annual Report of IRTL for the year ended March 31, 2005, Bloomberg)

In the opinion of the Manager to the Offer, the Acquirer, the Offer Price is justified as per Regulation 20(4) and Regulation 20(5) of the Regulations.

Non-Compete Fees

As per the SPA, Spentex has agreed to pay Rs. 1 crore to the Promoter Group of IRTL as a non-compete undertaking for not engaging in any business in competition with the business of IRTL for a period of one year commencing on the closing date (as defined in the SPA) in the state of Madhya Pradesh or Maharashtra.

The non-compete fee calculation is shown below. As can be seen from the table, the non compete fees per share does not exceed 25% of the Offer Price payable under the Open Offer

Non Compete Fees (Rs)	10,000,000
Total Number of shares to be bought in SPA	15,286,831
Non Compete Fees (Rs per share)	0.65
Price payable under the SPA as well as under the Open Offer	**84.15**
25% of Price	21.04

The payment of non-compete fee is in compliance of Regulation 20(8) of the Regulations.

6.2 Financial Arrangement for the Offer

6.2.1 The total fund requirement for implementation of the Offer at Rs. 84.15 per share is Rs. 52.47 crore assuming that full acceptance for the Offer is received.

6.2.2 The Acquirer has made firm financial arrangements to implement the Offer and meet their obligations in full under the Offer. The Offer obligation shall be met from the internal accruals and borrowings from a domestic fund.

6.2.3 Sunil Jain & Co., Chartered Accountants, vide its letter dated February 21, 2006 has certified that Spentex has made adequate arrangements to meet the financial obligations under this Offer:

Sunil Jain & Co., Chartered Accountants
Daryaganj, New Delhi 110 002
Tel: +91 11 2328 0327
Fax: +91 11 2326 2656
Membership Number: 82827

6.2.4 The Manager to the Offer confirms that it is satisfied about the ability of the Acquirer to implement the Offer in accordance with the Regulations as firm arrangements for funds and money for payment through verifiable means are in place to fulfil the Offer obligations.

6.2.5 In accordance with Regulation 28 of the Regulations, Spentex has created a lien in favour of ICICI Securities Limited against a fixed deposit amounting Rs. 13.12 Crore standing in the name of Spentex with Connaught Place Branch of ING Vysya Bank Limited. This fixed deposit receipt is duly discharged in favour of ICICI Securities.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 The Offer to the shareholders of IRTL to acquire up to 6,235,658 fully paid-up equity shares representing 20% of the paid-up equity share capital of IRTL at Rs. 84.15 per Share is being made pursuant to Regulation 10 and 12 read with other applicable provisions of Chapter III of, and in compliance with, the Regulations.

7.2 IRTL has furnished the list of members as on the Specified Date. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to the shareholders of IRTL whose names appear on the list of Members of IRTL and beneficial owners of the shares of IRTL, whose names appear as beneficiaries on the records of the respective Depositories, at the close of the Business Hours on March 24, 2006 (the Specified Date), except to the Acquirer and the Promoter Group of IRTL. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

7.3 Equity shares of IRTL, if any, that are subject matter of litigation or are held in abeyance due to pending court cases, wherein the shareholder(s) of IRTL may be precluded from transferring the shares during pendency of the said litigation are liable to be rejected in case directions / orders releasing these shares are not received together with the shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

7.4 The shares will be acquired by the Acquirer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

7.5 The Offer is not conditional on any minimum level of acceptance i.e. the Acquirer will acquire all the Shares that are tendered in terms of the Offer up to 6,235,658 Shares, subject to the conditions specified in the Public Announcement published on February 23, 2006 and this Letter of Offer (in paragraphs 6.1 to 6.4) and Form of Acceptance-cum-Acknowledgement.

7.6 If there is any further upward revision of the Offer price by the Acquirer till the last date for revision viz. April 25, 2006 or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the Public Announcement published on February 23, 2006 had appeared. Such revised Offer Price would be payable for all the shares tendered anytime during the Offer and accepted under the Offer.

7.7 Shareholders who wish to tender their Shares should submit documents in accordance with the procedure specified in Section 7 of this Letter of Offer and the Form of Acceptance-cum-Acknowledgement.

7.8 Shareholders who hold shares in physical form and who wish to tender their Shares will be required to send the Form of Acceptance-cum-Acknowledgement, original share certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer – Beetal Financial & Computer Services Pvt. Ltd., either by hand delivery to the collection centres during business hours (Monday to Saturday between 10.00 a.m. and 5.00 p.m.) or by registered post at Beetal Financial & Computer Services Pvt. Ltd., BEETAL HOUSE, 3rd Floor 99, Madangir, B/H L.S.C, New Delhi 110 062, India so that the same are received on or before the close of the Offer i.e. May 6, 2006 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement.

7.9 The Registrar has opened a special depository account with Abhipra Capital Limited, as the Depository Participant in National Securities Depository Limited ('NSDL'), styled '**Beetal – Escrow A/c – IRTL Offer'. The DP ID is 300 206 and Beneficiary Client ID is 1087 0582**. Shareholders holding their beneficiary account in Central Depository Services India Limited ('CDSL') will have to use an inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL. Beneficial owners should ensure to credit their shares in favour of the special depository account before the closure of the Offer.

7.10 Locked-in Shares

1,00,000 (One Lakh) equity shares of Rs.10 each covering distinctive Numbers from 000001 to 100000 are under lock-in period up to July 14, 2006. Out of the 1,00,000 initial shares which are under lock-in period till July 14, 2006, there are 99,000 shares which are held by the Promoter Group of IRTL and the break-up of the 99,000 shares is as under :-

Mr. O.P.Lohia	33,000 shares
Mrs. Urmila Lohia	66,000 shares

Pursuant to Share Purchase Agreement the above mentioned shares can be transferred to the Acquirer subject to the continuation of the residual lock-in period in the hands of the Acquirer. and there shall be no discrimination in the acceptance of locked-in and non locked in shares.

7.11 Eligibility for Accepting the Offer

The present Offer is being made to all the shareholders of IRTL, except the Acquirer and the Promoter Group of IRTL, whose names appear as on the Specified Date and also to those persons, who own the shares at any time prior to the closure of the Offer but are not registered shareholders.

7.12 Marketable Lot

The marketable lot for the shares of IRTL is 1 (one) share as the shares of IRTL can be traded on the secondary market only in dematerialised form.

7.13 Statutory Approvals and Conditions of the Offer

The Offer is subject to the statutory and regulatory approvals mentioned in page 2 above. As on date, there are no other statutory and regulatory approvals required, other than those indicated above.

To the best of the knowledge of the Acquirer, as on the date of the Public Announcement, there are no other statutory or regulatory approvals required to implement the Offer, other than those indicated above. If any other statutory or regulatory approvals become applicable, the Offer would be subject to such statutory or regulatory approvals. The Acquirer will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused in terms of Regulation 27 of the Regulations.

In case of delay in receipt of statutory or regulatory approvals, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the shareholders of IRTL, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the Regulations. Further, if the delay occurs on account of wilful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

8.1 Shareholders of IRTL who wish to avail of this Offer should forward the undermentioned documents by hand delivery or registered post to the Registrar at their Office – Beetal Financial & Computer Services Pvt. Ltd. who are acting as the Registrar to the Offer (the 'Registrar to the Offer'), either by hand delivery during business hours (Monday to Saturday between 10.00 a.m. and 5.00 p.m.) or by registered post so that the same are received on or before the closure of the Offer, i.e. by May 6, 2006. **Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respects otherwise the same is liable to be rejected. In the case of dematerialised shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer. The Form of Acceptance-cum-Acknowledgement of such dematerialised shares not credited in favour of the special depository account before the closure of the Offer is liable to be rejected.**

Physical shares tendered under the Offer and subsequently withdrawn by the shareholders or rejected due to technical defects will be returned to the shareholders by registered post.

8.2 Registered shareholders (holders of shares in physical form) should enclose:

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates
- Original share certificate(s)
- Valid share transfer deed(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with IRTL and duly witnessed at the appropriate place(s)

8.3 Beneficial owners (holders of shares in dematerialised form) should enclose:

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of shares, as per the records of the DP
- Photocopy of the delivery instruction slip in 'Off-market' mode or counterfoil of the delivery instruction slip in 'Off-market' mode, duly acknowledged by the DP

The details of the special depository account are as follows:

Name of the Depository Participant	Depository Identification No.	Client Identification No.

	(DP ID)	(Beneficial Client ID)
Abhipra Capital Ltd.	IN 300 206	1087 0582

8.4 Unregistered shareholders should enclose:

- Form of Acceptance-cum-Acknowledgement or an application on plain paper, duly completed and signed in accordance with the instructions contained therein
- Original share certificate(s)
- Copy of the original contract note issued by the broker through whom the shares were acquired
- Proof of lodgement of shares for transfer and acknowledgement thereof by IRTL or its registrar and share transfer agent (if the share certificates have already been lodged for transfer)
- Valid share transfer deed(s) duly signed by a registered holder and an additional valid transfer deed duly signed by the unregistered shareholder as the transferor

No indemnity is required from the unregistered owners.

8.5 Owners of shares who have tendered their shares for transfer should enclose:

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein
- Copy of the letter sent to IRTL for transfer of shares
- Valid share transfer deed(s) including valid transfer deed(s) duly signed by the unregistered shareholder as the transferor

8.6 Shareholders who have sent their physical shares for dematerialisation may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialisation request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical shares for dematerialisation need to ensure that the process of getting shares dematerialised is completed well in time so that the credit in the special depository account should be received on or before the closure of the Offer, i.e. by May 6, 2006, else the application would be rejected.

8.7 Valid share transfer deed/ form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with IRTL and duly witnessed at the appropriate place.

8.8 The share certificate(s), share transfer deed(s) and the Form of Acceptance-cum-Acknowledgement should be sent only to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or the Target Company.

8.9 In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer on a plain paper stating acceptance of the Offer with name, address, number of shares held, distinctive numbers, folio numbers, number of shares offered, along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer, i.e. May 6, 2006 or in case of beneficial owners they may send their application in writing to the Registrar to the Offer on a plain paper stating acceptance of the Offer with name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction slip in 'Off-market' mode or counterfoil of the delivery instructions slip in 'Off-market' mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer, i.e. May 6, 2006.

8.10 Alternatively, the Letter of Offer and Form of Acceptance-cum-Acknowledgement will be available on SEBI's website: www.sebi.gov.in, from the date of opening of the Offer. The eligible persons can download the Form of Acceptance-cum-Acknowledgement from the SEBI's website and apply in the same.

8.11 While tendering the Shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of IRTL. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered.

8.12 As per the provisions of Section 196D(2) of the Income Tax Act, 1961 ('the Income Tax Act'), no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities

referred to in Section 115AD payable to a Foreign Institutional Investor ('FII') as defined in Section 115AD of the Income Tax Act. However, while tendering their shares under the Offer, NRIs, OCBs and other non-resident shareholders will be required to submit a No Objection Certificate (NOC) or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from Income Tax authorities under the Income Tax Act indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. In case the aforesaid NOC or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of shareholders on the entire consideration amount payable to such shareholders.

a) **If any of the above stated documents (as applicable) are not enclosed along with the Form of Acceptance-cum-Acknowledgement, the Shares tendered under the Offer are liable to be rejected.**

b) **As per Section 10(36) of the Income Tax Act, any income arising from the transfer of a long-term capital asset, being an equity share for which the transactions of purchase and sale of such share are entered into on a recognised stock exchange, is exempt from tax. However, gains on transfer of shares tendered under the Offer would not be eligible for the exemption under section 10(36), as the transfer would not be effected through a recognised stock exchange. As such, gains on transfer of the shares offered pursuant to this letter of offer would be liable to tax as per the normal provisions of the Income Tax Act. This position has been intimated to the Acquirer by the tax advisers of the Acquirer. However, the Acquirer by this Letter of Offer, is not providing any tax advice to the shareholders and the shareholders are requested to seek their own advice on such matters.**

8.13 The Form of Acceptance-cum-Acknowledgement along with the share certificate(s), signed transfer deed and other documents should be submitted at any of the collection centres below in accordance with the procedure as set out in the Letter of Offer. All the centres mentioned hereinbelow would be open on all working days as follows :

Business Hours: Monday to Saturday 10.00 a.m. to 5.00 p.m. The centres will be closed on Sundays and any other public holidays.

City	Contact Person	Address	Tel. No.
New Delhi	Punit Mittal	Beetal Financial & Computer Services Pvt. Ltd. BEETAL HOUSE, 3rd Floor 99, Madangir, B/H L.S.C, New Delhi 110 062	011 2996 1281 (6 Lines)
Mumbai	Shashi Sukla	Beetal Financial & Computer Services Pvt. Ltd. C/o Ghia Textile Products Co. Office No. 5, Agra Bldg., 1st Floor, 121, M. G. Road, Fort, Mumbai 400 001	022 3962 3359 93237 61281
Kolkata	Runa Ganguly	Shristhi Marketing 43, Karayar Road, Kolkata 700 017	033 3092 7510 033 3092 7515
Chennai	Seetha	ARS Associates 24 & 26 Shanthi Vihar Complex #140, Royapethah High Road, Mylapore, Chennai 600 004	044 2499 3609 044 2498 5940
Ahmedabad	Umang Patel	Airan Consultants (P) Ltd. 201, Kirtiman Complex, B/H Citi Bank, C. G. Road, Ahmedabad 380 006	0179 2656 3931 0179 2656 8127

8.14 Applicants who cannot hand deliver their documents at the collection centres referred to above, may send the same by Registered Post, at their own risk and cost, to the Registrar to the Offer at its address given below:

Beetal Financial & Computer Services Pvt. Ltd.
Beetal House, 3rd Floor, 99, Madangir
Behind Local Shopping Centre
Near Dada Harsukhdas Mandir, New Delhi 110 062, India
Tel: +91 11 2996 1281

Fax: +91 11 2996 1284
E-mail: beetal @rediffmail.com
Contact Person: Punit Mittal

8.15 The payment of consideration will be made by the Acquirer in cash through crossed account payee cheque, demand draft or pay order sent by Registered Post for amounts exceeding Rs. 1,500 and UCP otherwise to those shareholders / unregistered owners, which would be dispatched to the shareholders / unregistered owners at their own risk, whose shares / share certificates and other documents are found in order and accepted by the Acquirer. In case of joint registered holders, cheques / demand drafts / pay orders will be drawn in the name of the sole / first named holder / unregistered owner and will be sent to him / her. **It is desirable that shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the same can be incorporated in the cheque / demand draft / pay order.**

8.16 In case the Shares tendered in the Offer are more than the shares to be acquired under the Offer, the acquisition of Shares from each shareholder will be in accordance with Regulation 21(6) of the Regulations, on a proportionate basis.

8.17 Unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by Registered Post at the shareholders' / unregistered owners' sole risk to the sole / first named shareholder / unregistered owner. Except that, in case the share certificates tendered have to be split, the Acquirer will arrange to split the share certificates and send the balance share certificates (for Shares not accepted in the Offer) by Registered Post at the shareholders' / unregistered owners' sole risk to the sole / first named shareholder / unregistered owner. Unaccepted Shares held in dematerialised form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement or otherwise.

8.18 The Registrar to the Offer will hold in trust the Share(s) / share certificate(s), shares lying in credit of the special depository account, Form of Acceptance-cum-Acknowledgement and the transfer deed(s), if any, on behalf of the shareholders / unregistered owner(s) of IRTL who have accepted the Offer, till the Acquirer completes the Offer obligations in terms of the Regulations latest by May 20, 2006. Upon completion of the above, the Registrar to the Offer will debit the special depository account to the extent of Shares accepted by the Acquirer and give instruction to credit the beneficial account of the Acquirer.

8.19 The Acquirer shall complete all procedures relating to the Offer latest by May 20, 2006. In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the Regulations. Further, if the delay occurs on account of wilful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.

8.20 In terms of Regulation 22(5A) of the Regulations, shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the closure of the Offer, i.e. by May 2, 2006. The withdrawal option can be exercised by submitting the Form of Withdrawal as per the instructions below, so as to reach the Registrar to the Offer – Beetal Financial & Computer Services Pvt. Ltd., Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi 110 062, India, Tel: +91 11 2996 1281, Fax: +91 11 2996 1284 either by hand delivery on all days (excluding Sundays and public holidays): Mondays to Saturdays 10.00 a.m. to 5.00 p.m. or by Registered Post, on or before May 2, 2006.

The withdrawal option can be exercised by submitting the Form of Withdrawal along with the copy of acknowledgement slip in original issued at the time of submission of the Form of Acceptance cum Acknowledgement. In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

- In case of physical shares: name, address, distinctive numbers, folio number, share certificate number, number of shares tendered, date of tendering the shares;

- In case of dematerialised shares: name, address, number of shares tendered, DP name, DP ID, date of tendering the shares, beneficiary account number and a photocopy of the delivery instructions in ‘off-market’ mode or counterfoil of the delivery instruction in ‘off-market’ mode, duly acknowledged by the DP, in favour of ‘Beetal – Escrow A/c – IRTL Offer’.

9. DOCUMENTS FOR INSPECTION

The following material documents are available for inspection at the office of the Manager to the Offer, ICICI Securities Limited, ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, India from 10.30 a.m. to 1.00 p.m. on any working day, except Saturdays, Sundays and holidays, until the closure of the Offer:

a) Certificate of Incorporation, Memorandum of Association and Articles of Association of Spentex
b) Certificate dated February 21, 2006 from M/s Sunil Jain & Co., Chartered Accountants, certifying that Spentex Industries Limited has adequate resources to meet the financial obligations relating to the Offer
c) Certificate of Incorporation, Memorandum of Association and Articles of Association of IRTL
d) Audited annual reports of Spentex for the financial years ended March 31, 2003, 2004 and 2005
e) Audited annual reports of IRTL for the financial years ended March 31, 2003, 2004 and 2005
f) Copy of Public Announcement published on February 23, 2006
g) Copy of the letter no. CFD/DCR/TO/MM/63496/06 dated March 27th, 2006 from SEBI in terms of proviso to Regulation 18(2) of the Regulations
h) Letter from ING Vysya Bank Limited confirming the amount placed in fixed deposit receipt, towards the proposed Offer, with a lien in favour of ICICI Securities Limited, Manager to the Offer
i) Copy of agreement with the Depository Participant for opening a special depository account for the purpose of the Offer
j) Copy of Board Resolutions/letters from the Acquirer authorising the Offer
k) Share Purchase Agreement dated February 17, 2006 between Spentex and the Promoter Group of IRTL

10. DECLARATION BY THE ACQUIRER

The Acquirer and the Board of Directors of the Acquirer respectively accept full responsibility for the information contained in this Letter of Offer and Form of Acceptance-cum-Acknowledgement and Form of Withdrawal. The Acquirer shall be jointly and severally responsible for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Mr. Amrit Agarwal has been severally authorised by the board of directors of Spentex Industries Limited to be the authorised signatory to the Letter of Offer.

For and on behalf of the Acquirer

Sd/-
Authorised Signatory
Spentex Industries Limited

Place: New Delhi
Date: April 4, 2006

Attached:
1. Form of Acceptance-cum-Acknowledgement
2. Form of Withdrawal
3. Share Transfer Deed (for physical shares)