



RSWM Limited
an LNJ Bhilwara Group Company



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

RSWM/
July 12, 2010

The Manager,
Listing Department,
National Stock Exchange of India Ltd.
'Exchange Plaza', C-1, Block G,
Bandra-Kurla Complex, Bandra (East)
MUMBAI - 400 051

Fax # 022 2659 8237/38 & 2659 8347/48

Dear Sir,

Please find enclosed herewith release pertaining to dilution of RSWM's stake in M/s. Bhilwara Energy Limited from 19.5% to 17.4% through divestment of 10.8% stake by Bhilwara Energy Limited for Rs.230 Crores.

Thanking you,

Yours faithfully,
for **RSWM LIMITED**

SURENDER GUPTA
COMPANY SECRETARY

Encl.: As above

(Formerly Rajasthan Spinning & Weaving Mills Limited)

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Company Announcement

Bhilwara Energy to raise Rs.230 crores by diluting ~10.8% stake to IFC, Washington and India Clean Energy Fund.

RSWM Limited, part of LNJ Bhilwara Group is one of the promoters of Bhilwara Energy Limited (BEL). RSWM currently holds 19.5 percent in BEL. Post dilution RSWM's stake would come down marginally to 17.4 percent.

- ✓ BEL to divest stake to two foreign investors i.e IFC, Washington and India Clean Energy Fund for \$50 million
- ✓ Stake dilution through issuance of equity shares of Rs 10 each at premium
- ✓ Aims to fund equity for power projects in India and Nepal
- ✓ Current stake dilution takes total foreign interest in BEL to ~17.0 per cent

New Delhi, July 12th, 2010: Bhilwara Energy Limited (BEL), the flagship entity in the power sector business of the LNJ Bhilwara Group, on Monday 12th July announced that it will dilute ~10.8 per cent stake to two foreign investors as part of its plans to fund the company's power projects.

BEL has agreed to disinvest holdings to two foreign based investors IFC, Washington and India Clean Energy Fund for \$50 million (\$25 million each by both the parties).

After this stake dilution, the total foreign interest stands at ~17.0 per cent. Earlier, other private equity investors, namely New York Life Investment Management India Fund (FVCI) II LLC, WIH Holdings and Jacob Ballas Capital, had taken interest through investment in BEL in 2007.

Other LNJ Bhilwara Group companies HEG Ltd and RSWM Ltd hold 28.9 percent and 19.5 percent respectively in BEL before current round of dilution. The balance is held by the promoters directly.

"The rationale behind the stake dilution is to fund our power projects under different stages of implementation. Current fund raising will help the company to attract other strategic investors and partners for its growth plans in the future. Funds will mainly be utilised for power projects in India and Nepal in the next few years," said by Mr. Ravi Jhunjhunwala, Chairman, LNJ Bhilwara Group, here today.

"IFC is excited to be able to support a pipeline of hydro project planned by Bhilwara in continuation to our support to their AD Hydro power plant. Bhilwara is one of the leading hydro power companies in the country and its project will go a long way in harnessing hydro power to meet power scarcity, create

employment opportunities and bring overall socio economic benefits to the communities close to the project sites,” said Paolo M. Martelli, IFC Director for South Asia.

“India Clean Energy believes in the potential of Bhilwara Energy. We believe that BEL has one of the strongest management teams in the power business in India and has demonstrated track record of conceptualizing and implementing large hydro projects on a merchant power sale basis,” said Anand Prakash, Director India Clean.

About BEL

Encompassing its Power Vision, the LNJ Bhilwara group has consolidated its core strengths into the Power Sector, by incorporating Bhilwara Energy Limited (BEL) in the year 2006. BEL is the principal holding company for all the power ventures of the Bhilwara group. The formation of BEL reinforces the group's incisive focus on the Power Sector and its firm determination to attain the expansion of its power generation capacity swiftly, which is aimed to reach ~2,500 MW by 2017 in renewable sector. The company currently has an 86 megawatt operating project and a 192 megawatt hydro power project is likely to be operational in the current month.

The company endeavors to develop or acquire new green-field power projects in India and Nepal.

BEL holds 51 percent equity stake in Malana Power Company Limited (Kullu), a joint venture with S N Power, Norway. It holds 44.9 percent holding of AD Hydro Power Limited (Manali) indirectly, since MPCL holds a 88 percent stake in AD Hydro Power Limited and remaining 12 percent equity is with IFC, Washington. BEL also holds 51 percent stake in power consultancy firm i.e. Indo Canadian Consultancy Services Limited a joint venture with RSW Inc. of Canada.

HIGHLIGHTS OF BEL

- The group has the distinction of being India's one of the first merchant power producer in the Hydro sector.
- The group has a proven record for cost-effective and fast track completion of its Hydro and Captive Thermal Power projects.
- The group provides superior global experience in power consultancy, through ICCS, a Joint Venture with RSW Canada, a world leader in power consultancy.

- The group's collaborations with International Finance Corporation, Washington, SN Power, Norway (Hydro Power leader in North Europe), and RSW, Canada, are testimonials to its robust track record.
- The group has signed an MOU with Mannvit of Iceland for development of Geo-Thermal projects in India and Nepal.
- The group is exploring various opportunities in the Solar power aggressively.
- The group's exposure and comprehensive competence in development of Hydro and Thermal projects extends across different Indian States.
- MPCL with its 86 MW capacity is already delivering remarkable results since the last nine years.
- ADHPL with its 192 MW capacity is likely to be operational within the current month itself.

THE GROUP

The esteemed journey of the **LNJ Bhilwara Group** commenced in 1961, when the Group's founder Shri L. N. Jhunhunwala established a textile unit in Bhilwara, Rajasthan, characterizing the very beginning of the group's unfaltering success and prosperity.

Today, that single textile unit has thrivingly expanded into several textile units; the group has strategically diversified and stands proud as a multi-product and service conglomerate.

The industry pioneers in numerous contemporary fields. Consequently, it has resolutely placed itself among the top Indian business groups.

Today, the core business interests of the Rs 4,000 cr LNJ Bhilwara Group include Textiles, Graphite Electrodes and Power. Before current round of dilution, HEG Limited and RSWM Limited currently holds 28.9 percent and 19.5 percent respectively in Bhilwara Energy Limited.

About IFC

IFC, a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. We foster sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments. Our new investments totaled \$14.5 billion in fiscal 2009, helping channel capital into developing countries during the financial crisis. For more information, visit www.ifc.org.

About India Clean

India Clean Energy III Limited is a Mauritius based entity of FE Clean Energy Group. FE Clean Energy Group Inc. is a leading private equity fund manager in the emerging markets clean energy sector and a pioneer in return-driven sustainable development. FE Clean Energy manages over \$400 million of

investment capital for its investors. FE Clean Energy Group specializes in investing in privately held companies in Europe, Latin America and Asia that deliver energy efficiency, emissions reduction, renewable energy and reliable power services to the industrial, commercial and public sectors. The company is headquartered just outside New York City in Darien, Connecticut and also has offices in Budapest, Warsaw, Mexico City, Singapore and Bangkok. For more information, visit www.fecleanenergy.com

About RSWM

RSWM Limited, the flagship Company of LNJ Bhilwara Group was established in 1960, an IS/ISO 9001:2001 and SA 8000:2008 accredited Company, has 8 state-of-the-art manufacturing plants which moved from strength to strength and today, it operates about 3,60,000 spindles, having 1,00,000 MTA yarn capacity. It is equipped with in-house fabric weaving and processing facilities of about 35.6 MMA for fabric and denim fabric. RSWM is self - reliant in Captive Power Generation of 46 MW that feeds all its integrated units spread across the state of Rajasthan. Modern technologies and world class skills have enabled the Company to produce the finest quality adhering to stringent international norms.

The main competitive strength of the Company is its innovative product range that includes specialty, functional, technical and eco-friendly yarn and fabric alongwith basic and commodity products. The Company recently has shifted its focus to produce more and more natural textiles in order to meet the emerging needs of the market.

RSWM exports a complete range of yarn and fabric to over 70 countries worldwide, giving the Company a large, visible presence across Europe, South Africa, North America, Australia, South Korea, Belgium, Singapore, Italy, Egypt and the Gulf countries.

The Company holds the prestigious 'Three Star Export House' status and has received Export Awards from the Synthetic and Rayon Textiles Export Promotion Council consecutively for several years. The Company is a recipient of the "Rajiv Gandhi National Quality Award" received from the Bureau of Indian Standards for the years 2006 and 2007. RSWM has also received "Niryat Shree" - Certificate of Excellence (Non-SSI) award for the catagory of textile and textile products.

RSWM's one of the leading brand 'Mayur Suitings' enjoys a high brand equity in its target segment in the country.

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