

September 30, 2015

M/s. Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai 400 001 Scrip Code: 532782	M/s. National Stock Exchange of India Ltd. Exchange Plaza, 5 th Floor, Plot No.C/1, G-Block, Bandra-Kurla Complex, Bandra(E), Mumbai 400 051 Scrip Code : SUTLEJTEX
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Re: Purchase of Birla Textile Mills (a textile division of Chambal Fertilisers and Chemcials Ltd.)

Dear Sirs,

This has reference to our letters dated March 14, 2015, May 1, 2015, June 12, 2015 and July 01, 2015 regarding purchase of Birla Textile Mills ("BTM"), the textile division of Chambal Fertilisers and Chemicals Ltd. (Chambal) located at Baddi, Himachal Pradesh. The purchase of BTM has been completed on September 30, 2015 and will take effect from April 1, 2015.

Further details of the aforesaid transaction are given below:-

- a) Date on which the agreement for purchase entered into:
As intimated vide our letter dated July 01, 2015, the Business Purchase Agreement was executed on June 30, 2015.
- b) Date of completion of transaction: September 30, 2015
- c) Consideration for the Purchase:
Rs.213.54 crore i.e. Rs. 232.63 crore less term loans of Rs.19.09 crore from banks outstanding as on appointed date of April 01, 2015
- d) Brief details of seller and whether the seller belong to the promoter/ promoter group/group companies:
 - i) Name of the Seller: Chambal Fertilisers and Chemicals Limited having its registered office at P.O. Gadepan, Kota - 325 208, Rajasthan.
 - ii) Chambal is not a Group Company of Sutlej NOR is a part of the promoter /promoter group of Sutlej.
 - iii) Although Chambal is not holding any shares in this Company, Shri Chandra Shekhar Nopany, who is one of the directors of Chambal, is the Executive Chairman of the Company (Sutlej).



- e) Whether the transaction would fall within related party transactions? If yes, whether the same is done at arm's length:

With respect to Sutlej, Chambal is a Related Party pursuant to Clause 49 of the Listing Agreement, & Section 188 of the Companies Act, 2013 read with Section 2(76) of the Companies Act, 2013 by virtue of Shri C. S. Nopany, Executive Chairman of the Company being a Director of Chambal and holding more than 2% of equity share capital of Chambal, along with his relatives.

The transaction of purchase of BTM from Chambal falls within the ambit of 'Material Related Party Transaction' as per clause 49 of the Listing Agreement and 'Policy on Related Party Transactions' of the Company. In light of the aforesaid, the Company has obtained approval of the shareholders at the 10th Annual General Meeting held on August 31, 2015 and the relevant minutes have been already filed with the Stock Exchanges. The aforesaid transaction is entered on "arm's length" basis.

- f) Area of Business of BTM:

BTM is engaged in the manufacture of cotton and synthetic yarn and other allied activities and its scope of business extends to India and across various countries globally.

- g) Rationale for Purchase:

Sutlej had an existing spinning capacity of 2,93,736 spindles as on 31.03.2015. Sutlej was exploring further growth in spindlage to effectively expand Sutlej's spinning capacity. Expansion through installation of additional spindles would take considerable time for project implementation. Therefore, with the acquisition of the BTM unit from Chambal, Sutlej would meet its objective of acquiring additional spinning capacity which would help in improving its service and expansion in the market of yarns in the textile industry. BTM unit capacity of 83,376 spindles to manufacture cotton, synthetic and blended yarns in grey and dyed forms will enhance Sutlej's spinning capacity to 3,77,112 spindles.

- h) The purchase consideration has been paid in cash and there is no change in the shareholding pattern of the Company due to the aforesaid transaction.

This is for your information and record.

Thanking you,

Yours sincerely,
For **Sutlej Textiles And Industries Limited**



D R Prabhu
Company Secretary

