CHAMBAL FERTILISERS AND CHEMICALS LIMITED

September 30, 2015

BSE Limited
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street
Mumbai – 400 001

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

Re: Sale of Textile Business of the Company

Dear Sir,

This has reference to our letters dated March 14, 2015, May 1, 2015, June 15, 2015 and June 30, 2015 regarding sale and transfer of textile business of the Company, i.e. Birla Textile Mills ("BTM") located in Himachal Pradesh, to Sutlej Textiles and Industries Limited ("Sutlej"), as a going concern on slump sale basis. The sale and transfer of BTM has been completed on September 30, 2015 with effect from the Appointed Date (as defined in the definitive agreements) i.e. April 1, 2015.

Further details of the aforesaid transaction are given below:-

1) The amount and percentage of the revenue and net worth contributed by BTM during the financial year 2014-15;
   i) Revenue – Rs. 413.68 Crore (4.6% of the Revenue of the Company); and
   ii) Networth – Rs. 161.40 Crore (6.97% of the Networth of the Company as on March 31, 2015).
2) Date on which the agreement for sale entered into:
   As intimated vide our letter dated June 30, 2015, the Business Purchase Agreement was executed on June 30, 2015.
3) Date of completion of transaction: September 30, 2015
4) Consideration received from such sale:
   Rs. 213.54 crore (i.e. the aggregate purchase consideration of Rs. 232.63 crore less the term loans of Rs. 19.09 Crore from banks outstanding as on Appointed Date and transferred as part of BTM).
5) Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies:
   i) *Name of the Buyer*: Sutlej Textiles and Industries Limited having its registered office at Pachpahar Road, Bhawani Mandi, Rajasthan, PIN – 326502
   ii) *Other details*:
      (1) Sutlej does not hold any shares or other securities in the Company. As per the shareholding pattern of the Company filed with the stock exchanges for the quarter ended June 30, 2015, Sutlej is not a person belonging to the category "Promoter" or "Promoter Group"; and
      (2) Mr. Chandra Shekhar Nopany, a director of the Company and member of the promoter group of the Company is also a director and Chairman of Sutlej.

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Registered Office: Gadepan - 325 208, District Kota, Rajasthan, India

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

Mr. Chandra Shekhar Nopany, a director of the Company is also a director and Chairman of Sutlej but he and his relatives do not hold more than 2% of paid up share capital of Sutlej. Thus, Sutlej is not a related party of the Company in terms of the provisions of the Companies Act, 2013. However, Mr. Chandra Shekhar Nopany holds along with his relatives, more than 2% of the paid-up share capital of the Company. Thus, the Company falls within the ambit of a "related party" of Sutlej. In light of the aforesaid, as a measure of abundant caution, the Company has treated the present transaction as a related party transaction and taken approval of the shareholders at the annual general meeting held on September 15, 2015. The aforesaid transaction is entered on an arm's length basis.

7) Area of Business of BTM:

BTM is engaged in the manufacture of cotton and synthetic yarn and other allied activities.

8) Rationale for sale:

The textile being a non-core business to the Company, the Company decided to sell BTM in light of the following:

i. There is a downward trend in the Textiles business.
ii. There was a necessity of further capital expenditure of around Rs. 50-60 crore in coming years to maintain the productivity and keep the unit cost competitive; and
iii. There is limited scope for expansion of BTM at the current location in the state of Himachal Pradesh as the land in the factory premises is fully utilized.

9) The sale 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 **Chambal Fertilisers and Chemicals Limited**

Rajveer Singh
Asst. Vice President – Legal & Secretary