



Vardhman

VARDHMAN TEXTILES LIMITED

Delivering Excellence. Since 1965.

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Ref.VTXL:SCY:SEPT:2016-17

Dated: 01-Sept-2016

The Deputy General Manager,
Corporate Relationship Department,
Bombay Stock Exchange Limited,
1st Floor, New Trading Ring,
Rotunda Building, P.J Towers,
Dalal Street, Fort,
Mumbai - 400001
Scrip Code: 502986

The National Stock Exchange of India Ltd.,
"Exchange Plaza",
Bandra-Kurla Complex,
Bandra (East),
Mumbai - 400051

Scrip Code: VTL

SUB: PRESS RELEASE

Sir,

Please find attached copy of Press release which shall be disseminated shortly.

Kindly note and display the notice on your notice board for the information of the members of your exchange and general public.

Thanking you,

Yours faithfully,

FOR VARDHMAN TEXTILES LIMITED


(KARAN KAMAL WALIA)
Company Secretary

YARNS | FABRICS | THREADS | GARMENTS | FIBRES | STEELS

PAN NO.: AABCM4692E CIN: LI7111PB19739LC003345

WWW.VARDHMAN.COM

PRESS RELEASE

Ludhiana, 1st September, 2016

Vardhman Textiles Limited (“the Company”), one of the leading textile Company in India, had earlier informed about the execution of Share Sale and Purchase Agreement (“SPA”), the Amended and Restated Shareholders Agreement, and other incidental and ancillary agreements (collectively, “Transaction Documents”) envisaging sale of 2,28,02,541 (Two crore Twenty Eight Lakh Two Thousand Five Hundred and Forty One) equity shares held by the Company in Vardhman Yarns and Threads Limited (“VYTL”) aggregating to 40% (Forty per cent) of the issued, subscribed and paid-up equity share capital of VYTL to American & Efid Global, LLC (“A&E Global”) subject to fulfillment of the conditions precedent.

Pursuant to this SPA, the Company has sold 2,28,02,541 equity shares held by the Company in VYTL to A&E Global against a total consideration of Rs. 412.99 crores. Consequently, VYTL has ceased to be the subsidiary of the Company.

A&E Global became the joint venture partner of the Company in VYTL in 2008. In 2011, KPS Capital Partners (KPS) acquired A&E Global. Since then, KPS has taken a strategic direction for the growth of A&E Global, both organically and through acquisitions of thread companies worldwide, with a view to make A&E Global a sizeable and strong global company. In line with this strategy, A&E Global expressed its desire to have a majority ownership in VYTL to consolidate the VYTL financials as required under US GAAP.

The business of sewing thread is a complex business and requires significant management time and attention. In addition, the business definitely gets a boost if it is aligned to a global partner or it operates globally. In view of the Company’s focus on other related textile business like yarn and fabric, it was inconceivable for the Company to spread sewing thread business in competition to the global players. Therefore, the Board of Directors of the Company took a pragmatic and long term view of disinvesting in favour of A&E Global as the Company has had a very good relationship with A&E Global over the last 8 years.

Post this transaction, the Company now holds 6,270,639 equity shares in VYTL aggregating to 11% and A&E Global holds 5,07,35,655 equity shares in VYTL aggregating to 89% of the issued, subscribed and paid-up equity share capital of VYTL. The Company will now have a ‘Put Option’ and A&E Global will have a ‘Call Option’ on the remaining 11% issued, subscribed and paid-up equity share capital of VYTL held by the Company and such Put Option / Call Option will be exercisable by the Company or A&E Global, as the case may be, at any time beginning 3 (Three) years from 1st September, 2016.

