



SCL:SEC:NSE:2015-16

8th January, 2016

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051

Kind attn: Ms.Charmi Dharod

Symbol: SAGCEM; Series: EQ

Dear Madam,

With reference to your Email dated 7th January 2016 seeking certain clarifications on the Corporate Guarantee (CG) proposed to be provided by us for our wholly-owned subsidiary viz., BMM Cements Limited (BMM) and the pledge of our investments in the said subsidiary, to secure the credit facilities to be availed and NCDs proposed to be issued by it, we wish to clarify as under:

1. The subsidiary, BMM, is a wholly-owned subsidiary of SCL. With a view to complying with the mandatory requirements to have a minimum number of 7 shareholders in a public limited company, apart from SCL, each of six persons forming part of its promoter group is having one share in BMM, as nominee of SCL. All the directors of BMM, are the directors nominated by SCL, which include all of its independent directors and some promoter directors.

BMM proposes to mobilize a sum of Rs.150 crores through issue of Non-convertible, listed, rated and secured debentures to International Finance Corporation (IFC), as part of which, the holding company, SCL, is required to provide a CG to IFC to secure the above said debentures, in favour of the Debenture Trustees (IDBI Trusteeship Services Limited) to be constituted for the purpose.

The proposed transaction for which CG will be furnished by SCL being a transaction between BMM and IFC for availing of certain credit facilities by BMM through issue of debentures, the promoters / promoter group or their group companies are in no way otherwise interested in the transaction.

2. Under the CG proposed to be provided by SCL to the Trustees viz., IDBI Trusteeship Services Limited (ITSL), SCL will be guaranteeing the due and punctual payment of each and every guaranteed obligation pertaining to debentures to be issued.



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CIN : L26942TG1981PLC002887



As the funds being mobilized by BMM are expected to optimize its debts and improve its operational capabilities, we do not foresee any problem on the part of BMM to meet its obligation towards debentures and other credit facilities and therefore this may not have any negative impact on SCL.

3. Guarantees are also proposed to be furnished by SCL to the other Lenders of its subsidiary BMM in respect of credit facilities availed / proposed to be availed by the said subsidiary to the extent of Rs.149 crores, as already informed to the Exchange in our earlier communication.

SCL also proposes to pledge its entire investment in the subsidiary with the Debenture Trustee for the benefit of IFC and other Lenders to secure the above borrowings.

Far from our promoters / promoter group availing or deriving any benefit out of the above transactions, they will be furnishing as further security, an undertaking to IFC and, if necessary, to other Lenders of the Subsidiary, to maintain their own shareholdings in SCL at a level not less than 47% (40% in the case of further increase in SCL capital) to secure the above credit facilities availed by the subsidiary BMM and along with SCL, to meet any unlikely short fall that BMM may face in the project funding at a later date.

We hope and trust that the above clarifications would meet with the requirements of your email referred to above and should you require any further clarification, we will be pleased to furnish you with the same on hearing from you.

Thanking you

Yours faithfully
For Sagar Cements Limited

R.Soundararajan
Company Secretary



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