SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2018-19 17th December 2018

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

Symbol: SAGCEM - Series: EQ
Clarification on the outcome of our Board Meeting held on 5th December, 2018

Dear Sir,

With reference to your email dated 14th December, 2018, we herewith submit the required information in respect of our proposed investments intimated to you as part of the outcome of our board meeting held on 5th December, 2018.

S.No.	Clarification		Satguru Cement Private Limited (SCPL)	Jajpur Cements Private Limited (JCPL)
1	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief).	:	Satguru Cement Private Limited (SCPL) incorporated on 21st March, 2001 and having its Registered Office at 601, Airen Heights, PU-3, Scheme No.54, Opposite C-21 Mall, AB Road, Indore-452001 (MP) is in the business of manufacture of cement. The turnover for the last 3 years is as follows: 2015-16 : Rs.1032.39 lakhs 2016-17 : Rs.2120.02 lakhs 2017-18 : Rs.1750.59 lakhs Currently, the company has its presence in the State of Madhya Pradesh. Presently, the company has two plants. While one plant is in operation, the second one, which the company had acquired through a liquidation process is currently not operational. The company proposes to hive off the plant, which is In operation and implement a green field cement plant at the location where the other plant, which is not in operation is located. SCL proposes to invest in SCPL after the later disposes off the plant which is currently in operation and set-up a full-fledged cement plant of 1 million ton capacity along with a waste heat recovery power plant.	Jajpur Cements Private Limited (JCPL) incorporated on 19th July, 2010 and having its Registered Office at Plot No. 1789/18, Nausahi, Nayapalli, Bubaneswar-751012, Odisha, has the requisite approval from the Government of Odisha for setting-up of a cement grinding unit of 0.50 million ton capacity, which, it proposes to revise it to 1.5 million tons. After obtaining necessary approval from the Government of Odisha for acquisition of ownership In the said JCPL, SCL proposes to acquire the entire shareholding in JCPL and implement the said grinding unit of 1.5 million ton capacity The company has not yet started any commercial operations

2	Percentage of shareholding / control acquired and / or number of shares acquired;	:	It is proposed to acquire 65% equity in due course through investing a sum of Rs.150 crores in a phased manner, at such a value as may be determined by an independent valuer	It is proposed to acquire 100% equity stake by acquiring the entire current holdings of its existing promoters as well as the equity proposed to be allotted to them shortly.
3	Nature of consideration - whether cash consideration or share swap and details of the same;	:	Cash	Cash
4	Cost of acquisition or the price at which the shares are acquired;	:	Acquisition will be at a price not more than Rs.150 crores and will be based on the valuation report to be furnished by an independent valuer	At face value of Rs.10/- per share at such premium as may be determined by an independent valuer not exceeding Rs.108 crores in aggregate
5	Indicative time period for completion of the acquisition;	:	Acquisition will be made in tranches and the same will be completed along with the completion of the project proposed to be implemented, which, barring unforeseen circumstances, will be completed by March 2021	Barring unforeseen circumstances, the acquisition will be completed within a maximum period of six months
6	Brief details of any governmental or regulatory approvals required for the acquisition;	:	No governmental approval is required for the proposed acquisition/investment	Approval of the Government of Odisha is required for transfer of ownership from the existing owners to SCL
7	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);	:	Object of the acquisition is to set-up a 1 million ton integrated cement manufacturing plant with a waste heat recovery power plant in the State of Madhya Pradesh, which will enable the company to increase its market presence in Central India	The object is to set-up a 1.5 million ton cement grinding unit in the State of Odisha to meet the markets in Odisha, West Bengal and other neighbouring States. The clinker required for the plant is proposed to be brought from the SCL's existing plant at Mattampally, Suryapet district, Telangana State
8	Industry to which the entity being acquired belongs;	:	Cement	Cement
9	Whether the acquisition would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arm's length";	:	There are no related party transactions involved in the proposed investment. Promoters/Promoters Group/ Group companies may be considered as being interested to the extent of their participation, if any, in the proposed issue of convertible warrants by SCL on a preferential basis to part fund the said acquisitions.	

10	Name of the target entity, details in brief such as size, turnover etc;	:	Furnished in 1 above	Furnished in 1 above

We hope we have furnished you with the required details called for by you and should you need any further information, we shall be pleased to furnish you with the same on hearing from you.

Thanking you

Yours faithfully
For Sagar Cements Limited

R.Soundararajan
Company Secretary