

ANDHRA CEMENTS LIMITED

March 03, 2023

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001
BSE Scrip Code: 532141

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
NSE Scrip Symbol: ANDHRACEMT

Ref.: Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub.: Details of the Resolution Plan submitted by Sagar Cements Limited and approved by the Adjudicating Authority in terms of Section 31(1) of Insolvency and Bankruptcy Code 2016

Dear Ma'am / Sir,

In continuation of our earlier disclosure on February 16, 2023, the Company is making disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations and SEBI circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 as per Annexure "A" for acquisition of equity shares of Andhra Cements Limited by Sagar Cements Limited.

Kindly take the same on records. Thanking you.

Yours faithfully,
For Andhra Cements Limited

G. Tirupati Rao
Company Secretary



Regd. Office & Factory: Durga Cement Works, Durgapuram, Srinagar(PO),
Dachepalli - 522414, Guntur District, Andhra Pradesh,
Ph: +91 - 8649-257428/29, Fax: +91- 8649-257449,
Website: www.andhracemts.com.E.mail: investorcell@andhracemts.com
CIN : L26942AP1936PLC002379

ANDHRA CEMENTS LIMITED

Annexure A

- Sagar Cements Limited proposes that the entire paid-up equity shares held by the Promoter/Promoters Group, shall stand fully extinguished and cancelled as part of the Resolution Plan on the Effective Date and any pledge or Encumbrance created on such shares shall stand full satisfied and extinguished with effect from the NCLT approving this Resolution Plan.
- The share capital of the Corporate Debtor shall be reconstituted in such a manner that the share capital of the existing public shareholders after cancellation of the entire paid-up equity shares held by the Promoter/Promoters Group of the Corporate Debtor (“Existing Public Shareholders”) shall get reduced/diluted/restructured/consolidated to 5% of the total reconstituted paid-up share capital of the Corporate Debtor (“Capital Reduction”). Any fractional entitlements of equity shares resulting from such consolidation shall be rounded off to the nearest whole integer.
- Prior to the Effective Date, the Resolution Applicant will propose a suitable structure to the Monitoring Committee, for the aforesaid reduction and reconstitution of the share capital of the Corporate Debtor. It is clarified that:

(a) Upon pro-rata dilution/reduction/consolidation of equity shares of the existing public shareholders, they will have no claim of whatsoever nature against either Resolution Applicant or the Corporate Debtor.

(b) Resolution Applicant does not propose any reduction of the authorized share capital of the Company.

- Resolution Applicant to subscribe to and the Corporate Debtor shall issue and allot equity shares of the Corporate Debtor equivalent to 95% of the reconstituted paid-up share capital of the Corporate Debtor against Upfront Fund Infusion Amount.

Reconstituted paid-up equity share capital of the Corporate Debtor will be as follows:

Particulars	% of Holding	No. of Shares	Value per Share (INR)	Amount Invested (INR crores)
Public Equity Shareholders	5%	46,08,607	10	4.59
Sagar Cements Limited	95%	8,75,63,533	36.80	322.25
Total	100%	9,21,72,140		326.84

It is clarified that Corporate Debtor will remain listed in the Bombay Stock Exchange and National Stock Exchange of India Limited.

1	Pre and Post net-worth of the company	Particulars	INR crores
		Pre Net worth (as on 31.03.2022)	(916.60)
		Post Net worth (FY 23 projection as per Resolution plan)	395.51

ANDHRA CEMENTS LIMITED

2	Details of assets of the company post CIRP	<p>FY 23 projections of assets as per resolution plan is as below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Particulars</th> <th style="width: 30%;">Amount (in INR crs)</th> </tr> </thead> <tbody> <tr> <td>Net block</td> <td style="text-align: right;">784.11</td> </tr> <tr> <td>CWIP</td> <td style="text-align: right;">85.40</td> </tr> <tr> <td>Cash & bank balance</td> <td style="text-align: right;">25.99</td> </tr> <tr> <td>Total Assets</td> <td style="text-align: right;">895.50</td> </tr> </tbody> </table>	Particulars	Amount (in INR crs)	Net block	784.11	CWIP	85.40	Cash & bank balance	25.99	Total Assets	895.50
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3	Details of securities continuing to be imposed on the companies' assets	<p>As per clause in the Resolution plan, <i>“Any Encumbrance or collateral (whether enforced, crystallized or proceeded with or not) over the Assets (created and/or perfected for debt availed by the Corporate Debtor or a third party) (collectively “Security”), that exists by operation of Applicable Law, or in connection with any debt owed to Financial Creditors (to the extent such debt has not been dealt with by the Resolution Applicant in accordance with the terms and conditions set out herein), Operational Creditors, Other Creditors or any other debt or obligation of the Corporate Debtor, or in relation to a third party (including a Related Party) whose obligations were secured by the Corporate Debtor by creation of any Security in favour of another Person, at any time till the Insolvency Commencement Date and, by payment of the CIRP Costs and Interim Management Costs as well as by deemed agreement herewith of all claimants and other stakeholders of the Corporate Debtor pursuant to the terms of the Resolution Plan and on account of its binding effect of this Resolution Plan on all such stakeholders, in relation to the period between the Insolvency Commencement Date and the Effective Date, shall stand automatically revoked, released, cancelled, withdrawn, dismissed and deemed null and void (as the case may be) and all financial obligations in relation to such Security shall be permanently extinguished upon payment of FC Debt Settlement Consideration on the Effective Date”</i></p>										
4	Other material liabilities imposed on the company	<p>Clause 1.2.3 of the Resolution Plan states that:” <i>The Resolution Applicant proposes that the Total Resolution Amount (to be utilized in the manner as proposed under this Resolution Plan) shall be deemed to have the effect of a one-time full and final settlement and discharge of all Claims and Debt against the Corporate Debtor of all the Stakeholders (including the CIRP Costs, Financial Creditors, Dissenting Financial Creditors, Operational Creditors, Other Creditors or any other Person to whom any amount is due be paid pursuant to this Resolution Plan, if any) prior to the Effective Date, whether asserted or un-asserted, whether claimed or not, whether admitted or not, or contingent or otherwise, crystallised or uncrystallized, known or unknown, secured or unsecured, disputed or undisputed, whether or not set out in the Information Memorandum, the Virtual Data Room, the financial statements, balance sheets of the Corporate Debtor or the profit and loss account statements of the Corporate Debtor. Upon payment of the Total Resolution Amount on the Effective Date, the Corporate Debtor or the Resolution Applicant shall have no liability to make any payments to any Stakeholder of the Corporate Debtor and all liabilities of the Corporate Debtor towards all</i></p>										

ANDHRA CEMENTS LIMITED

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5	Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">Sl. No</th> <th style="width: 15%;">Category of Share Holder</th> <th style="width: 15%;">No. of Shares held before CIRP (as on 31.12.2022)</th> <th style="width: 15%;">No. of Shares held after the CIRP</th> <th style="width: 10%;">Voting Share (%) held before CIRP</th> <th style="width: 10%;">Voting Share (%) held after CIRP</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Promoters</td> <td style="text-align: right;">20,17,41,371</td> <td style="text-align: right;">8,71,90,165</td> <td style="text-align: right;">68.73%</td> <td style="text-align: right;">95%</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Public</td> <td style="text-align: right;">9,17,79,121</td> <td style="text-align: right;">45,88,956</td> <td style="text-align: right;">31.27%</td> <td style="text-align: right;">5%</td> </tr> <tr> <td></td> <td style="text-align: center;">Total</td> <td style="text-align: right;">29,35,20,492</td> <td style="text-align: right;">9,17,79,121</td> <td style="text-align: right;">100%</td> <td style="text-align: right;">100%</td> </tr> </tbody> </table>	Sl. No	Category of Share Holder	No. of Shares held before CIRP (as on 31.12.2022)	No. of Shares held after the CIRP	Voting Share (%) held before CIRP	Voting Share (%) held after CIRP	1.	Promoters	20,17,41,371	8,71,90,165	68.73%	95%	2.	Public	9,17,79,121	45,88,956	31.27%	5%		Total	29,35,20,492	9,17,79,121	100%	100%						
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6	Details of funds infused in the company, creditors paid-off	<p>Proposed Infusion by March 18, 2023 i.e., 30 days for NCLT approval of resolution plan as below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">S. No.</th> <th style="width: 65%;">Particulars</th> <th style="width: 30%;">Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Equity</td> <td style="text-align: right;">INR 322,25,00,000</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Debt</td> <td style="text-align: right;">INR 600,00,00,000/-</td> </tr> <tr> <td></td> <td style="text-align: center;">Total</td> <td style="text-align: right;">INR 922,25,00,000/-</td> </tr> </tbody> </table> <p>Amount to be paid to various classes of creditors as per the approved plan is as below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">S. No.</th> <th style="width: 65%;">Particulars</th> <th style="width: 30%;">Amount (INR)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>CIRP Costs</td> <td style="text-align: right;">18,90,72,059</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Secured Financial Creditors (Non-Related Party)</td> <td style="text-align: right;">725,89,33,418</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Employees and Workmen (directly or through authorised representatives)</td> <td style="text-align: right;">8,27,18,455</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Other Operational Creditors (except for Related Party and/or Promoter Related Party)</td> <td style="text-align: right;">9,34,76,068</td> </tr> <tr> <td></td> <td style="text-align: center;">Total</td> <td style="text-align: right;">7,62,42,00,000</td> </tr> </tbody> </table>	S. No.	Particulars	Amount	1.	Equity	INR 322,25,00,000	2.	Debt	INR 600,00,00,000/-		Total	INR 922,25,00,000/-	S. No.	Particulars	Amount (INR)	1.	CIRP Costs	18,90,72,059	2.	Secured Financial Creditors (Non-Related Party)	725,89,33,418	3.	Employees and Workmen (directly or through authorised representatives)	8,27,18,455	4.	Other Operational Creditors (except for Related Party and/or Promoter Related Party)	9,34,76,068		Total	7,62,42,00,000
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7	Additional liability on the incoming investors due to the transaction, source of such funding etc.	Not Available at this stage																														

ANDHRA CEMENTS LIMITED

8	Impact on the investor – revised P/E, RONW ratios etc.;	-Not Available																																								
9	Names of the new promoters, key managerial persons(s), if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control	<p>Sagar Cements Limited is the new promoter of Andhra Cements Limited post approval of Resolution Plan vide NCLT order dated February 16, 2023. Sagar Cements Limited (“SCL”) was incorporated in the year 1985 under Companies Act, 1956. SCL is engaged in the business of manufacture and sale of cement and generation of power. The board of directors of Sagar Cements Limited is constituted by:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">S. No.</th> <th style="width: 60%;">Name</th> <th style="width: 35%;">Designation</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Thanu Pillai Kolappa</td> <td>Chairman & Independent Director</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Anand Reddy Sammidi</td> <td>Managing Director</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Sreekanth Reddy Sammidi</td> <td>Joint Managing Director</td> </tr> <tr> <td style="text-align: center;">4</td> <td>S. Rachana</td> <td>Non-Executive Director</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Naga Sudha Rani</td> <td>Nominee Director (APIDC)</td> </tr> <tr> <td style="text-align: center;">6</td> <td>Thanu Pillai Kolappa</td> <td>Chairman & Independent Director</td> </tr> <tr> <td style="text-align: center;">7</td> <td>John-Eric Fernand Pascal Cesar Bertrand</td> <td>Non-Executive Director</td> </tr> <tr> <td style="text-align: center;">8</td> <td>V H Rama Krishnan</td> <td>Independent Director</td> </tr> <tr> <td style="text-align: center;">9</td> <td>Jens Van Nieuwenborgh</td> <td>Alternate Director to John-Eric Fernand Pascal Cesar Bertrand</td> </tr> <tr> <td style="text-align: center;">10</td> <td>Onteddu Rekha</td> <td rowspan="3" style="vertical-align: middle;">Independent Director</td> </tr> <tr> <td style="text-align: center;">11</td> <td><i>Madhavan Ganesan</i></td> </tr> <tr> <td style="text-align: center;">12</td> <td><i>K V Vishnu Raju</i></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Refer annexure for brief profile of the Board of Directors.</p>	S. No.	Name	Designation	1	Thanu Pillai Kolappa	Chairman & Independent Director	2	Anand Reddy Sammidi	Managing Director	3	Sreekanth Reddy Sammidi	Joint Managing Director	4	S. Rachana	Non-Executive Director	5	Naga Sudha Rani	Nominee Director (APIDC)	6	Thanu Pillai Kolappa	Chairman & Independent Director	7	John-Eric Fernand Pascal Cesar Bertrand	Non-Executive Director	8	V H Rama Krishnan	Independent Director	9	Jens Van Nieuwenborgh	Alternate Director to John-Eric Fernand Pascal Cesar Bertrand	10	Onteddu Rekha	Independent Director	11	<i>Madhavan Ganesan</i>	12	<i>K V Vishnu Raju</i>			
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10	Brief description of business strategy	<p>(a) In order to bring the Corporate Debtor back to a sustainable operational level, strengthen civil structures, and bring it in line with various compliance norms and prudent production practices and standards followed by Resolution Applicant in its own cement operations, substantial efforts and capital expenditure would be required. Some of the efforts of the Resolution Applicant are explained below:</p> <ol style="list-style-type: none"> i. <u>Ramping up manpower</u>: The Resolution Applicant shall ramp up the manpower of the Corporate Debtor to bring the head count to 600+ on roll / contractual workmen and employees. ii. <u>Optimization of the product mix</u>: Basis the knowledge and understanding of the Resolution Applicant and the presence in the region, the Resolution Applicant shall gradually optimize the product mix. iii. <u>Leveraging the existing network of suppliers and distributors</u>: The Resolution Applicant shall leverage its existing network of raw material suppliers and distributors in the region to optimize the raw material costs and realize competitive price for the cement produced. <p>(b) For coal and petcoke, the Resolution Applicant has existing long-term supply contracts with M/s. Singareni Collieries Company Limited (a government undertaking) for supply of cement and power grade fuel to the tune of 6,00,000 metric tonnes per annum and has tie up with Chennai Petroleum Corporation Limited (CPCL) for supply of 96,000 metric tonnes of petcoke per annum. Further Resolution Applicant has good relationship with the overseas suppliers for sourcing imported coal and petcoke The Resolution Applicant intends to leverage the relationship with these suppliers to procure the raw materials at competitive prices.</p> <ol style="list-style-type: none"> i. <u>Rehabilitation and Maintenance Capex</u>: The Resolution Applicant shall infuse upfront equity for the purpose of rehabilitating the Corporate Debtor, including the revival of the CPP at one of the units so that the operations of the Corporate Debtor can be started at the earliest. Basis the site visits conducted; the Resolution Applicant is of the view that capital expenditure would be required towards: <ul style="list-style-type: none"> • Making the mines operational - dewatering of the mines, revival / repair of the mines weigh bridge, etc.; • mechanical and electrical costs towards limestone crusher, raw mills, coal mills, kiln, transportation channels, packing plant etc.;
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ANDHRA CEMENTS LIMITED

		<ul style="list-style-type: none">• IT infrastructure of the Corporate Debtor;• rehabilitation of the CPP including setting up of sub-station etc. <p>ii. <u>Power and Fuel cost</u>: Being one of the key costs in manufacturing of cement, the Resolution Applicant intends to optimize the power and fuel costs with the revival of the CPP and usage of alternate fuel as also being practiced in other units of the Resolution Applicant etc.</p> <p><u>Operational Efficiencies</u>: The Resolution Applicant's plants are near to the Units of the Corporate Debtor. The proximity of the units is likely to bring in synergies to manage the costs effectively leading to improved operating efficiencies.</p>
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A. Details of KMP:

(i) Dr. S. Anand Reddy

Designation: *Managing Director*

Dr. Reddy was inducted on the board on November 23, 1991 and was later appointed as a whole-time director (Marketing and Projects) in 1992 and as managing director in 2018. He has been instrumental for promoting erstwhile the subsidiary company, Sagar Power Limited, of which he is presently the managing director.

(ii) Mr. S. Sreekanth Reddy

Designation: *Joint Managing Director*

Mr. Reddy joined SCL as technical consultant in 2002 after gaining industrial experience of over 15 years. He was later inducted in the board as whole-time director and appointed as joint managing director in 2018. His qualifications are B.E. (I&P) and he holds PG Diploma in Cement Technology.

(iii) Mr. K Ganesh

Designation: *Group President*

He has an experience of more than 35 years in project execution and operations of cements plants. His qualification is B.E. (Mechanical) and he served as a Senior Engineer in Bhagawati Priya Consulting Engineers Limited, Mumbai.

(iv) Mr. K Prasad

Designation: *Chief Financial Officer (CFO)*

He has an experience of more than 25 years and is heading the Finance & Accounts function of the group. His qualification is M.Com, ACA and he served as senior manager in Sagarsoft (India) Limited.

(v) Mr. Rajesh Singh

Designation: *Chief Marketing Officer*

Mr. Singh has an experience of 29 years in marketing. His qualification is post graduate diploma in business management from Osmania University and prior to joining SCL, he worked with Suzlon Energy and Orient Cements Limited.

(vi) Mr. R. Soundararajan

Designation: *Company Secretary, Compliance Officer*

Mr. Soundararajan has an experience of more than 40 years and is heading the secretarial & compliance functions of the Group. His qualifications are FCS, ACMA and a Law degree.

B. The board of SCL comprises of:

(i) Mr. K. Thanu Pillai:

Designation: *Chairman and Independent Director*

Mr. Pillai appointed as director on February 26, 1997. He has experience of more than 30 years in Banking, and he retired as Managing Director of State Bank of Hyderabad. He is also on Board of several companies. His qualifications are MBA and CAIIB.

(ii) The executive directors of SCL are Dr. S. Anand Reddy and Mr. S. Sreekanth Reddy.

(iii) Following are the non- executive directors of SCL:

(a) **Mrs. O. Rekha**

Designation: **Independent Director**

Mrs. Rekha was appointed as director on June 30, 2020. She has experience of more than 13 years in Finance. She is also on board of several companies. Her qualifications are B.Com. (Hons.), MBA and ACA.

(b) **Mr. John- Eric Bertrand**

Designation: **Non-Executive Director**

Mr. Bertrand is investment manager at Ackermans & Van Haaren NV. Before joining AVH, he worked as Senior Consultant at Roland Berger Strategy Consultants. He is a commercial engineer, and his qualifications include MBA.

(c) **Mr. V.H. Ramakrishnan**

Designation: **Independent Director**

Mr. Ramakrishnan has extensive experience for more than 35 years in both domestic and international banking during his career with Bank of India. He retired as its general manager (International) in April 2001. His qualifications are BSC, ACA and ACMA.

(d) **Smt. S. Rachana**

Designation: **Non-Executive Director**

Smt. Rachana is an executive director in Panchvati Polyfibres Limited and she holds a bachelor's degree in science.

(e) **Smt. N. Sudha Rani**

Designation: **Nominee Director**

Smt. Rani is Nominee Director of APIDC

(f) **Mr. Madhavan Ganesan**

Designation: **Nominee Director**

Mr. Ganesan has an experience 35 years in different fields as business leader and strategy consultant in establishing and incubating new ventures; driving strategic growth and profitability of large business units, group strategic growth planning; managing international partner relationships and financing ventures. His qualifications are B.E. (Hons.) Degree from BITS Pilani and MBA from IIM Kolkata.

(g) **Mr. K.V.Vishnu Raju**

Designation: **Independent Director**

Shri K.V.Vishnu Raju holds a graduate Degree in chemical engineering from National Institute of Technology, Tiruchirapalli and a master degree in chemical engineering from Michigan Technological University, Houghton, MI, USA.

He had been associated with Raasi Cements Limited as Executive Director from 1992 to 1995 and as Managing Director from 1995 to 1998. He was on the board of Anjani Portland Cement Limited as its chairman and managing director from 1999 to 2014.

Presently, he is on the board of Anjani Vishnu Allied Services Limited as its whole-time director.