



Date: 17<sup>th</sup> January, 2024

To,

<b>The Assistant Vice-President The National Stock Exchange of India Ltd</b> Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 <b>Company Symbol: SANGHIIND</b>	<b>The General Manager BSE Ltd</b> Floor 25, P J Towers, Dalal Street, Mumbai – 400 001 <b>Scrip Code: 526521</b>
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**Sub: Presentation - Rationale on Agenda Items of Extra-Ordinary General Meeting (EGM) of Members of the Company.**

**Dear Sir,**

In continuation of our intimation dated 16<sup>th</sup> January 2024 alongwith the Notice of Extra-Ordinary General Meeting to be held on 8<sup>th</sup> February 2024, we are submitting the presentation on the Rationale of the Agenda Items of the EGM for the benefit of all the stakeholders.

The copy of the said presentation is also uploaded on the website of the Company i.e. [www.sanghicement.com](http://www.sanghicement.com).

Kindly take the same on your records.

**Thanking you,**

**Yours Faithfully,  
For, Sanghi Industries Limited**

**Manish Mistry  
Company Secretary  
Membership No. F8373  
Encl : As above**

**Registered Office**  
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# adani

Cement

## Sanghi Industries Limited

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*Synopsis / Rationale of Agenda Items proposed to be passed at the Extra-Ordinary General Meeting of the Company to be held on Thursday, 8<sup>th</sup> February, 2024*



# Agenda Items & its Rationale

## Item No. 1

Appointment of Mr. Ajay Kapur (DIN: 03096416) as a Non-Executive and Non-Independent Director of the Company w.e.f 7<sup>th</sup> December 2023.

Mr. Ajay Kapur is an esteemed name in the Cement Industry. He is CEO and Whole Time Director of Ambuja Cements Limited and ACC Limited (Adani Group Companies). He is also carrying a rich experience of over 30 years in the cement, construction, power and heavy metals sector.

## Item No. 2

Appointment of Mr. Vinod Bahety (DIN: 09192400) as a Non-Executive Director and Non-Independent Director of the Company w.e.f 7<sup>th</sup> December 2023.

Mr. Vinod Bahety carries a rich and varied experience of over 25 years at various leadership positions in manufacturing and finance industry. He is also Chief Financial Officer (CFO) of Ambuja Cements Limited and ACC Limited (Adani Group Companies).

### Item No. 3 and 4

Appointment of Mr. Sukuru Ramarao (DIN: 08846591) as a Director as well as a Whole Time Director and Chief Executive Officer (CEO) of the Company w.e.f 7<sup>th</sup> December 2023.

Mr. S Ramarao possesses a vast experience of about thirty seven years in building material space. He has successfully managed multiple roles of increasing significance in entire spectrum of manufacturing such as production, quality control, efficiency/productivity improvement, Capex projects, plant operations etc. He is also acting as a Chief Operating Officer, Cement Business of Adani Group.

### Item No. 5

Appointment of Mr. Ravi Kapoor (DIN: 00003847) as an Independent Director of the Company w.e.f 7<sup>th</sup> December 2023.

Mr. Ravi Kapoor is a Practicing Company Secretary based at Ahmedabad with a rich experience of over 28 years. He is a very renowned name in Ahmedabad and possess rich knowledge of legal, secretarial and governance laws of the Company.

## Item No. 6

Appointment of Ms. Shruti Shah (DIN: 08337714) as an Independent Director of the Company.

Ms. Shruti Shah is a Chartered Accountant by profession and a Partner of Pravin P. Shah & Company which is a very renowned Chartered Accountants firm. She is carrying a rich and diverse experience of more than 15 years of working in diverse fields including Tax planning and Estate Planning.

## Item No. 7 and 8

### Amendment in Memorandum of Association and Articles of Association of the Company

Post-acquisition of 54.51% Shares of Sanghi Industries Limited, Ambuja Cements Limited has now become the Holding Company. Further, now SIL being Adani Group Company, so to keep the synergy in the Charter Documents of Group Companies, it is proposed to amend the entire Memorandum and Articles of Association in line with Adani Group Companies Charter Documents.

Considering the above, it is proposed to amend and adopt the entire restated Memorandum and Articles of Association of the Company and so the Board of Directors of the Company has proposed the resolutions for approval of members of the Company.

### *Rationale for adoption of amended and re-stated Memorandum and Articles of Association of the Company:*

The adoption of Amended and Restated Memorandum and Articles of Association of the SIL (Chartered Documents of the Company) which are in line with the other Adani Group Companies will provide the benefit of synergy amongst the Group Companies Documents.

## Item No. 9 and 10

### Approval of Transactions with Related Parties : Ambuja Cements Limited (ACL) and ACC Limited (ACC)

Post-acquisition of 54.51% equity shares of Sanghi Industries Limited (SIL) by Ambuja Cements Limited, the Company has signed a Master Supply and Service Agreement (MSA) with ACL and ACC wherein ACL and ACC will bulk purchase Clinker and Cement from the Company and will sell under brand name of Ambuja and ACC.

#### Key Highlights:

<b>Optimum Utilization of Plant Installed Capacity:</b>	The above arrangement under MSA is anticipated to substantially improve the capacity utilization, <b><u>expected to be around 80%</u></b> (in contrast, it was below 25% in past).
<b>Negative to Positive EBIDTA:</b>	The improved capacity utilization will inter-alia result into positive EBIDTA. <b><u>It is expected to achieve positive EBIDTA of 9% on higher sales</u></b> (it is Negative 32% in past).

**Advance payment with Purchase Order**

Under MSA, **SIL will receive monthly advance payment** for all the orders **which in turn will help for meeting its working capital requirements to ensure smooth functioning and improve capacity utilization.**

**Inter-Corporate Deposits:**

In order to resolve the elevated liquidity issue of SIL, ACL has already provided the unsecured loan by way of Inter-corporate Deposits of Rs. 2,100 Crore which has been utilized for repayment of high interest bearing secured debts and to meet the other working capital and business needs.

Additionally **it is proposed to take from ACL unsecured loan by way of Inter Corporate Deposits of upto Rs. 500 Crore at 8% ROI** which will be utilized by the Company for working capital requirements, plant balancing and refurbishment, IT up-gradation, initiatives towards ESG, improve evacuation infrastructure and other general corporate purposes.



**Pricing:**

In view of above the pricing will be as under:

**Manufacturing Plant's Cost of Production (Excluding Interest and Depreciation) of previous Quarter, plus 10% markup.** This will help in improving overall profitability of the company from negative EBITDA in the past to substantially positive EBITDA going forward. It will also ensure to meet all the financing requirements of the company, apart from investments required for improving plant efficiency, capacity and evacuation infrastructure.

**An Arms' Length Opinion obtained from M/s Shailesh Haribhakti & Associates** is available on the website of the Company at the given link in the EGM Notice.

## Item No. 11

### Approval for Transactions with Related Party : Adani Enterprises Limited (AEL)

SIL has entered / proposes to enter into transactions with AEL for purchase of solid fuels, fly ash, shared business services etc.

#### **Highlights / Benefits:**

- ✓ Reduction in financial complexity w.r.t. terms of delivery, opening of letter of credits including delayed supply of coal and consistent quality issue.
- ✓ Availing superior and consistent quality of coal with efficient and improved logistics
- ✓ Savings in logistic cost as fly ash is available near to plant location
- ✓ Availing shared business services which is cost efficient and will provide administrative convenience.

For further information, please contact [roy.paul@adani.com](mailto:roy.paul@adani.com).

**Thank You**