



8th March 2025

To,
National Stock Exchange of India Limited
'Exchange Plaza'. C-1,
Block G, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051
Symbol: AMBUJACEM

Sub.: Requirements for in principle approval of the Scheme of Arrangement of Sanghi Industries Limited (Transferor Company) with Ambuja Cements Limited (Transferee Company) and their respective Shareholders

Ref.: NSE Letter Ref. No. Ref: NSE/LIST/ 46373 dated March 7, 2025.

Dear Sir / Madam,

With regard to the captioned subject matter, kindly note below our reply / response along with the necessary documents / clarifications:

Query 1

As discussed with respect to Insolvency dispute at NCLT/NCLAT between Ambuja Cements Limited and Mr. Alok Sanghi, kindly provide brief details of the litigation and provide impact of the same on the aforesaid Scheme of Arrangement.

Reply:

Ambuja Cements Limited ('ACL') has filed an application under Section 95 of the Insolvency and Bankruptcy Code, 2016 ("IBC 2016") for initiating insolvency proceedings against Mr. Alok Sanghi in his individual capacity before National Company Law Tribunal, Ahmedabad ('NCLT'). The proceedings have been initiated on 06.02.2025 for failure of Mr. Alok Sanghi to pay the sum of Rs.84 Crore (Rupees Eighty Four Crore Only) towards indemnity in the form of personal guarantees given by him under the Share Purchase Agreement ('SPA') for purchase of shares of Sanghi Industries Limited (SIL) by ACL. Further, as per the provisions of the SPA, ACL holds an indemnity and alternative recourse of arbitration also to recover the dues payable by Mr. Alok Sanghi.

Sanghi Industries Limited
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www.sanghiment.com



CIN: L18209GJ1985PLC157787

The NCLT vide its order dated 25.02.2025 has appointed Mr. Sumit Rajnikant Mehta as an Interim Resolution Professional and directed him to submit a report under Section 99 of IBC 2016 after examining the application filed by ACL. Mr. Alok Sanghi has challenged the order dated 25.02.2025 before the National Company Law Appellate Tribunal, New Delhi('NCLAT') which has vide its order dated 04.03.2025 issued notice in the matter.

The said application shall have no impact on the present Scheme of Arrangement between SIL and ACL('Scheme'), since the insolvency proceedings have been initiated by ACL against Mr. Alok Sanghi in his individual capacity and not against SIL. Further, post execution of the SPA in August 2023, Mr. Alok Sanghi does not have any shareholding in SIL and thus, the proceedings shall not impact either ACL nor SIL.

Further, please note that the Scheme was approved by the Board of Directors of SIL in its meeting held on 17th December 2024 and applications with the BSE Limited and National Stock Exchange of India Limited ('Stock Exchanges') were filed on 03.01.2025 for their NOCs, whereas the proceedings against Mr. Alok Sanghi were initiated on 06.02.2025 which is after the date of filing of the Scheme.

The management and control of SIL was taken over by ACL on 7th December 2023. The reclassification of erstwhile promoters of SIL to public category requires to be carried out in terms of provisions of the SEBI (LODR) Regulations, 2015, which is a part of the present Scheme. Till the time, SIL will continue to show Mr. Alok Sanghi as promoter with NIL shareholding under promoter group category in its quarterly shareholding pattern to be filed with the stock exchanges.

Query 2

Kindly provide reason for the following with respect to financials of the Company:

A. Sanghi Industries Limited

- a. Significant decrease in PAT from FY 2022 to FY 2023.
- b. PAT of Rs. 40.62 Crs as on 30th September, 2024.
- c. Decrease in Total Income gradually during FY 2022 to FY 2024.

B. Ambuja Cements Limited

- a. Decrease in PAT from FY 2022 to FY 2023 however the Total Income rose during that period.
- b. Decrease in Total Income from FY 2023 to FY 2024 however the PAT rose during that period.
- c. Decrease in PAT Margin in FY 2023.

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Reply:

A. Sanghi Industries Limited

a. Significant decrease in PAT from FY 2022 to FY 2023.

- It is mainly due to increase in power and fuel cost. Additionally, Clinker Line 1 was under breakdown for 10 months which was replaced in February 2023. Clinker Line 2 was commissioned in February 2021 and under stabilisation phase and it was available for operations only for intermittent period during FY 2023.

b. PAT of Rs. 40.62 Crs as on 30th September 2024.

- PAT of Rs. 40.62 Crore pertains to FY 2022. PAT for the period ended 30th September 2024 is (Rs. 195.68 Crore) which is reflected in the financials submitted to the stock exchanges.

c. Decrease in Total Income gradually during FY 2022 to FY 2024.

- Decrease in total income from FY 2022 to FY 2023 is due to reasons explained in point 1 above. Post-acquisition of SIL by the Company in December 2023, sales by SIL to the group companies which are on ex-factory sales basis in which freight component was not included; against which in earlier years, sales were to third parties on FOR basis where freight was included.

B. Ambuja Cements Limited

a. Decrease in PAT from FY 2022 to FY 2023 however the Total Income rose during that period.

- PAT during the FY 2023 was decreased due to increase in operational costs and exceptional items accounted (please refer Note No. 70 of Annual Report - Page 289). Further, during the FY 2023, total income was increased which was mainly due to change in accounting period from calendar year to financial year in the year 2023 i.e. from 01.01.2022 to 31.03.2023 as compared to previous year 01.01.2021 to 31.12.2021.



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b. Decrease in Total Income from FY 2023 to FY 2024 however the PAT rose during that period.

- Decrease in total income during FY 2024 was due to consequent effect of change in accounting period i.e. 01.01.2022 to 31.03.2023 (15 months) vis-à-vis 01.04.2023 to 31.03.2024 (12 months). Further, during the FY 2024, PAT was increased mainly due to exceptional gain recorded (as mentioned in Note No. 71 of the Annual Report - Page 544) and tax adjustments related to earlier years.

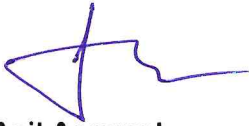
c. Decrease in PAT Margin in FY 2023.

- Please refer reply on point "a" above.

We request you to kindly take the above on your record.

Thanking you,

Yours faithfully,
For Sanghi Industries Limited



Anil Agrawal
Company Secretary & Compliance Officer



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