

17th January, 2018

The Assistant Vice-President The National Stock Exchange of India Ltd Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	The General Manager BSE Ltd Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
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Dear Sir,

Sub : Updates

We would like to inform that the Credit Rating Agency ICRA Limited has released press release about our company on their website as enclosed.

Please take the same on your record.

Thanking You,
Yours faithfully,
for **Sanghi Industries Ltd**



Anil Agrawal
Company Secretary
Encl : As above



Sanghi Industries Limited

CIN No. : L18209TG1985PLC005581

Registered Office : P.O. Sanghinagar, Hayatnagar Mandal, R R District, Telangana - 501511.

Tel. : 08415 - 242240 **E-mail** : companysecretary@sanghiment.com

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January 16, 2018

Sanghi Industries Limited

Announcement of a partly debt funded 4 million tonne (MT) cement brownfield capacity expansion

Sanghi Industries Limited (SIL) has announced an expansion programme to expand its cement capacity from 4.1 million tonnes per annum (MTPA) to 8.1 MTPA. The expansion will consist of a 3.3 MTPA clinker capacity, a 2 MTPA cement capacity within the premises of the existing plant at Sanghipuram(Gujarat), a satellite grinding unit of 2 MTPA cement capacity at Surat, Gujarat and a 65 MW Captive Power Plant (CPP) adjacent to the current CPP at Sanghipuram. The estimated cost of the project is Rs 1250 crore, out of which Rs 800 crore would be met through term borrowings for which the company has received sanctions from multiple lenders. The debt will have door-to-door period of 11 Years, comprising construction period of 2 years and moratorium period of 1 year post scheduled commissioning For the balance Rs 450 crore requirement, SIL will use surplus from internal accruals and proceeds from equity issuances.

ICRA notes that the envisaged project has a competitive capital cost per ton of cement at \$48/ton (about 50% of industry average) on account of the brownfield nature of the project and the fact that several common infrastructure has already been put into place. The company has planned to fund the project at a Debt:Equity ratio of about 2:1 with part equity coming in up-front, which will prevent any pressure on cash flows of the existing unit and support the liquidity requirements during the project. Further, given the adequate moratorium in place before debt repayments commence, ICRA expects SIL's debt coverage metrics to remain in line with the rating category. Nonetheless, the successful conclusion of the equity infusion in a timely manner will be a key monitorable.

ICRA currently has outstanding ratings of [ICRA]A-(Stable)/[ICRA]A2+ on the bank facilities of Sanghi Industries Limited. The ratings continue to take into account the benefits arising out of the integrated nature of SIL's cement operations by way of easy access/ low cost of raw materials, production scale economies given the large sized single kiln operations, ease of cement/clinker off-take by way of a captive jetty; and access to captive power plant with multiple fuel options. The ratings also favourably factor in the expected improvement in contribution margins on the back of ramp-up in capacity utilization levels, cost reduction initiatives and increasing proportion and acceptability of its PPC product.

The ratings are, however, constrained by the vulnerability of the cement industry to cyclical trends, geographical concentration related risks in the cement business given that over 80% of the sales are derived from Gujarat region; moderate return indicators given the relatively moderate capacity utilization levels; modest projected coverage indicators and the execution risks associated with moderate capex plans over the next year.

The previous rating rationale is available on the following link:

[ICRA reaffirms ratings of \[ICRA\]A- \(stable\) and \[ICRA\]A2+ for bank facilities of Sanghi Industries Limited](#)

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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