JK LAKSHMI
CEMENT Ltd.

ANNEXURE - VII

Date: 5th August 2024

Rationale – Share Swap Ratio

Please refer the Para III (Page No. 3) of the attached letter dated 5th August 2024 issued by PwC Business Consulting Services LLP, the Registered Valuer of the Company (PwC) read with Page No. 9 of the joint Valuation Report dated 31st July 2024 issued by aforesaid Registered Valuer

For JK Lakshmi Cement Limited

(Amit Chaurasia)
Company Secretary

JK LAKSHMI CEMENT LTD.

Encl.: As above

Private & Confidential

05 August 2024

JK Lakshmi Cement Limited
Jaykaypuram, District Sirohi,
Rajasthan – 307 019

Dear Sirs,

We refer to our engagement letter dated 30 July 2024 whereby JK Lakshmi Cement Limited ("JKLC" or "Amalgamated Company" or "Client") had appointed us to provide the fair share exchange ratio ("Share Exchange Ratio") report for the proposed amalgamation of Udaipur Cement Works Limited ("UCWL" or "Amalgamating Company 1") into and with JKLC as the Amalgamated Company.

We understand from the management of Client (hereinafter together referred to as "Management") that pursuant to a composite scheme of arrangement (the proposed "Scheme"), Client along with UCWL envisage the following proposed transactions ("Proposed Transactions") under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act"):

- **Step I**: Amalgamation of Amalgamating Company 1 into and with JKLC as the Amalgamated Company on a going concern basis and issue of equity shares by the Resulting Company to the shareholders of UCWL, in consideration thereof.
- **Step II**: Amalgamation of Hansdeep Industries & Trading Company Limited ("HITCL" or "Amalgamating Company 2") into and with the Resulting Company post the Amalgamation of Amalgamating Company 1 with JKLC as indicated in Step I above.
- **Step III**: Amalgamation of Hidrive Developers and Industries Private Limited ("HDIL" or "Amalgamating Company 3") into and with the Resulting Company post the Amalgamation of Amalgamating Company 2 with the Resulting Company as detailed in Step II above.

Accordingly, we have completed our procedures and submitted the Share Exchange Ratio report providing our recommendation of the fair share exchange ratio ("Share Exchange Ratio") for Step I on 31 July 2024.

We are a firm of registered valuers and are bound to keep the data provided by our client confidential. Having said this, however, since we have received a specific request from you based on the requirement of the Stock Exchanges, we are pleased to attach our summary workings for the Share Exchange Ratio and details based on the requirements of the checklist for Schemes filed under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, (LODR Regulations) for submission to Stock Exchanges/ Regional Director, Ministry of Corporate Affairs ('MCA') and regulatory authorities as per the terms of our engagement letter.

Yours faithfully,

For PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158
NEERAJ
GARG
Neeraj Garg
Partner
IBBI Membership No.: IBBI/RV/02/2021/14036

Certified to be True
For JK Lakshmi Cement Ltd.
Amit Chaurasia
Company Secretary

JK LAKSHMI CEMENT LTD.

I. List of comparable companies considered for comparable companies' multiple method, if the same method is used in valuation.

Comparable companies considered for the valuation of JKLC using comparable companies' multiple methods are as follows:

i. Birla Corporation Limited
ii. JK Lakshmi Cement Limited
iii. Mangalam Cement Limited
iv. Nuvoco Vistas Corporation Limited
v. Orient Cement Limited
vi. Sagar Cements Limited
vii. The Ramco Cements Limited
viii. Shree Digvijay Cement Company Limited
ix. Star Cement Limited

II. If the Income Approach method used in the Valuation, Revenue, PAT and EBIDTA (in value and percentage terms) details of entities involved in the scheme for all the number of years considered for valuation. Reasons justifying the EBIDTA/PAT margin considered in the valuation report.

- **JK Lakshmi Limited**

Particulars (INR Crore)	Actual		Projected					
	FY24	01 April 2024 to 30 June 2024	01 July 2024 to 31 March 2025	FY25	FY26	FY27	FY28	FY29
Number of Months	12	3	9	12	12	12	12	12
Revenue	6,320	1,445	4,716	6,160	6,992	7,534	7,837	8,062
EBITDA	864	185	659	843	1,072	1,236	1,294	1,340
EBITDA margins	*14%*	*13%*	*14%*	*14%*	*15%*	*16%*	*17%*	*17%*

- **Udaipur Cement Works Limited**

Particulars (INR Crore)	Actual		Projected					
	FY24	01 April 2024 to 30 June 2024	01 July 2024 to 31 March 2025	FY25	FY26	FY27	FY28	FY29
Number of Months	12	3	9	12	12	12	12	12
Revenue	1,164	325	1,220	1,545	1,934	2,076	2,106	2,139
EBITDA	186	39	194	233	347	407	416	427
EBITDA margins	*16%*	*12%*	*16%*	*15%*	*18%*	*20%*	*20%*	*20%*

Our DCF analysis considers the financial forecasts as provided by the companies. Our analysis considered historical performance, management explanations/ discussions on profitability and business expansion in future and high-level industry benchmarking basis information readily available in the public domain.

III. Confirmation that the valuation done in the scheme is in accordance with applicable valuation standards.

PwC BCS is registered with IOVRVF which has prescribed the use of International Valuation Standards (IVS). These IVS have been used in our analysis. Page no 9 of the Report carries a reference to this effect.

IV. Summary Workings

Share Exchange Ratio for the proposed amalgamation of UCWL into and with JKLC as the Amalgamated Company:

Approach	JKLC (A)		UCWL (B)	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach-Net Asset Value Method	280.41	0.0%	15.63	0.0%
Income Approach - Discounted Cashflow Method	1,113.77	50.0%	42.60	50.0%
Market Approach				
Comparable Companies Method				
-EV/EBITDA	1,138.17	25.0%	NA	NA
-Market Price Method (Higher of 10 trading days or 90 trading days VWAP)	870.35	25.0%	41.88	50.0%
Relative Value per Share	**1,059.01**		**42.24**	
Share Exchange Ratio (A:B) *	**4**		**100**	

**Rounded*

For Fair Share Exchange Ratio - Refer Appendix A.1 for underlying workings for JKLC and Appendix A.2 for underlying working for UCWL.

Further, we have considered the financials of JKLC, UCWL, HITCL, HDIL, Dwarkesh Energy Limited and Ram Kanta Properties Pvt. Ltd. as of 30 June 2024 for the purpose of our analysis.

JK LAKSHMI CEMENT LTD.

PwC Business Consulting Services LLP

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Appendix A.1

JK Lakshmi Cement Limited

Method	JKLC	
	Value per share (INR)	Weight
Income Approach (DCF Method) (i)	1,113.77	50.0%
Market Approach (CCM method) (ii)	1,138.17	25.0%
Market Price Method (Higher of 10 trading days or 90 trading days VWAP)	870.35	25.0%
Net Asset Value Method	280.41	0.0%
Value per share	**1,059.01**	**100.0%**

(i) Income Approach - Discounted Cashflow Method

	Particulars	**INR crores**
	Present value of horizon period cash flows	3,150
	Terminal value	8,170
	Enterprise value as on 30 July 2024	**11,321**
	Adjustments for:	
	Add: Surplus assets	1,073
	Less: Debt & Debt Like Items	(1,142)
	Add: Investments	
(1)	Value of 100% equity stake in Hidrive Developers and Industries Private Limited	*28*
(2)	Value of 100% equity stake in Hansdeep Industries & Trading Company Limited	*130*
(3)	Value of 33.38% equity stake in Dwarkesh Energy Limited	*12*
(4)	Value of 71.12% equity stake in Udaipur Cement Works Limited	*1,684*
	Equity value as on 30 July 2024 (i)	**13,106**
	Number of equity shares as on 30 July 2024 (ii)	117,670,066
	Equity value per share as on 30 July 2024 (INR) (i / ii)	**1,113.77**

Totals may not add due to rounding

Notes:

1) Refer Appendix A.1.(a) for underlying workings for Hidrive Developers and Industries Private Limited.
2) Refer Appendix A.2.(b) for underlying workings for Hansdeep Industries & Trading Company Limited.
3) Refer Appendix A.2.(c) for underlying workings for Dwarkesh Energy Limited.
4) Refer Appendix A2 for underlying workings for Udaipur Cement Works Limited.

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(ii) Market Approach - Comparable Companies Method

	Particulars	INR crores
	Comparable companies' applied multiple (rounded)	12.80x
	TTM EBITDA (01 July 2023 to 30 June 2024)	881
	Operating value as on 30 July 2024	**11,273**
	Add: CWIP as per 30 June 2024 standalone balance sheet of JKLC	335
	Enterprise value as on 30 July 2024	**11,608**
	Adjustments for:	
	Add: Surplus assets	1,073
	Less: Debt & Debt Like Items	(1,142)
	Add: Investments	
(1)	Value of 100% equity stake in Hidrive Developers and Industries Private Limited	*28*
(2)	Value of 100% equity stake in Hansdeep Industries & Trading Company Limited	*130*
(3)	Value of 33.38% equity stake in Dwarkesh Energy Limited	*12*
(4)	Value of 71.12% equity stake in Udaipur Cement Works Limited	*1,684*
	Equity value as on 30 July 2024 (i)	**13,393**
	Number of equity shares as on 30 July 2024 (ii)	117,670,066
	Equity value per share as on 30 July 2024 (INR) (i / ii)	**1,138.17**

Totals may not add due to rounding

Peer Company	EV/EBITDA	Weights
Birla Corporation Limited	9.6x	11.1%
JK Lakshmi Cement Limited	11.0x	11.1%
Mangalam Cement Limited	13.8x	11.1%
Nuvoco Vistas Corporation Limited	10.1x	11.1%
Orient Cement Limited	13.3x	11.1%
Sagar Cements Limited	17.4x	11.1%
The Ramco Cements Limited	14.5x	11.1%
Shree Digvijay Cement Company Limited	10.9x	11.1%
Star Cement Limited	14.5x	11.1%
Weighted average multiple of peer companies	**12.8x**	

Notes:

1) Refer Appendix A.1.(a) for underlying workings for Hidrive Developers and Industries Private Limited.
2) Refer Appendix A.2.(b) for underlying workings for Hansdeep Industries & Trading Company Limited.
3) Refer Appendix A.2.(c) for underlying workings for Dwarkesh Energy Limited.
4) Refer Appendix A2 for underlying workings for Udaipur Cement Works Limited.

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Appendix A.2

Udaipur Cement Works Limited

Method	**UCWL**	
	Value per share (INR)	Weight
Income Approach (DCF Method) (i)	42.60	50.0%
Market Approach (CCM method)	NA	NA
Market Price Method (Higher of 10 trading days or 90 trading days VWAP)	41.88	50.0%
Net Asset Value Method	15.63	0.0%
Value per share	**42.24**	**100.0%**

(i) Income Approach - Discounted Cashflow Method

Particulars	**INR crores**
Present value of horizon period cash flows	1,051
Terminal value	2,666
Enterprise value as on 30 July 2024	**3,717**
Adjustments for:	
Add: Surplus assets	39
Less: Debt & Debt Like Items	(1,368)
Equity value as on 30 July 2024 (i)	**2,388**
Number of equity shares as on 30 July 2024 (ii)	560,537,670
Equity value per share as on 30 July 2024 (INR) (i / ii)	**42.60**

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Appendix A.1.a
Hidrive Developers and Industries Private Limited

Net Asset Value Method	**INR crores**	
Particulars	**Book value**	**Fair Value**
Non Current Assets		
(1) Property, Plant and Equipment	26.65	26.65
Total Non Current Assets	**26.65**	**26.65**
Current Assets		
Investments	1.15	1.15
Cash and Bank Balance	0.03	0.03
Other Current Assets	0.00	0.00
Total Current Assets	**1.18**	**1.18**
Total Assets	**27.83**	**27.83**
Total Liabilities	**(0.14)**	**(0.14)**
Net Asset Value	**27.69**	**27.69**

Totals may not add due to rounding
Numbers in the above table have been presented in two decimal places considering the quantum of the values.

Notes:

1) Property, Plant and Equipment comprises of a land parcel situated at Village Dastan, Taluka Palsana, District Surat, Gujarat - 394310. Fair Value of the land parcel is based on a third party valuation report provided by the Management.

Appendix A.1.b
Hansdeep Industries & Trading Company Limited

Net Asset Value Method	INR crores	
Particulars	**Book value**	**Fair Value**
Non Current Assets		
Tangible Assets	38.21	38.21
Capital Work in Progress	9.29	9.29
(1) Investment in Ram Kanta Properties Pvt. Ltd.	115.34	128.90
Capital Advances	1.55	1.55
Total Non Current Assets	**164.39**	**177.95**
Current Assets		
Investments	0.54	0.54
Cash and Bank Balance	0.09	0.09
Other Current Assets	0.73	0.73
Total Current Assets	**1.36**	**1.36**
Total Assets	**165.75**	**179.31**
Total Liabilities	**(49.19)**	**(49.19)**
Net Asset Value	**116.56**	**130.12**

Totals may not add due to rounding
Numbers in the above table have been presented in two decimal places considering the quantum of the values.

Notes:

1) **Refer Appendix A.1.(d) for underlying workings for Ram Kanta Properties Pvt. Ltd.**

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Appendix A.1.c
Dwarkesh Energy Limited

Net Asset Value Method		INR crores
Particulars	Book value	Fair Value
Non Current Assets		
Capital Work in Progress	1.31	1.31
Security deposits & Capital Advances	1.48	1.48
Total Non Current Assets	2.79	2.79
Current Assets		
Investments in Mutual Funds	16.07	16.07
(1) Value of 3.88% equity stake in Udaipur Cement Works Limited	98.36	91.77
Cash and Bank Balance	0.07	0.07
Other Current Assets	0.03	0.03
Total Current Assets	114.53	107.93
(2) **Land held for sale**	6.34	7.74
Total Assets	123.66	118.47
Total Liabilities	(82.42)	(82.42)
Net Asset Value	41.24	36.05

Totals may not add due to rounding
Numbers in the above table have been presented in two decimal places considering the quantum of the values.

Notes:

1) Refer Appendix A.2 for underlying workings for Udaipur Cement Works Limited.
2) Fair value of 'Land held for sale' is based on the total acreage of 142 acres and price per acre of ~INR 0.55 million (basis price of the land parcels recently sold by the Company).

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Appendix A.1.d
Ram Kanta Properties Pvt. Ltd.

Net Asset Value Method	INR crores	
Particulars	**Book value**	**Fair Value**
Non Current Assets		
(1) Investment Property	114.79	128.68
Security Deposits	0.06	0.06
Total Non Current Assets	**114.84**	**128.73**
Current Assets		
Investments	0.33	0.33
Cash and Bank Balance	0.01	0.01
Total Current Assets	**0.34**	**0.34**
Total Assets	**115.18**	**129.07**
Total Liabilities	**(0.17)**	**(0.17)**
Net Asset Value	**115.01**	**128.90**

Totals may not add due to rounding
Numbers in the above table have been presented in two decimal places considering the quantum of the values.

Notes:

1) Fair value of Investment Property based on third party valuation report provided by the Management.

JK LAKSHMI CEMENT LTD.

PwC Business Consulting Services LLP

Certified to be True
For JK Lakshmi Cement Ltd.
Amit Chaurasia
Company Secretary

PwC Business Consulting Services LLP
Registered Valuer Entity
Registration No. IBBI/RV – E/02/2022/158

1st Floor, 11A, Sucheta Bhawan,
Vishnu Digambar Marg,
Delhi - 110002

Incwert Advisory Private Limited
Registered Valuer Entity
Registration No. IBBI/RV - E/05/2019/108

1006 A&B, 10th floor,
Welldone TechPark, Sohna Rd.,
Sector-48, Gurgaon – 122018
Haryana, India

Private & Confidential

Dated: 31 July 2024

To,

The Board of Directors,
JK Lakshmi Cement Limited
Jaykaypuram, District Sirohi,
Rajasthan – 307 019

The Board of Directors,
Udaipur Cement Works Limited
Shripati Nagar, CFA,
P.O. Dabok, Udaipur
Rajasthan – 313 022

Sub: Recommendation of the fair share exchange ratio for the proposed amalgamation of Udaipur Cement Works Limited ("UCWL" or "Amalgamating Company 1") into and with JK Lakshmi Cement Limited ("JKLC" or "Amalgamated Company").

Dear Sir/ Madam,

We refer to the respective engagement letters of PwC Business Consulting Services LLP ("PwC BCS") and Incwert Advisory Private Limited ("Incwert"), whereby PwC BCS has been appointed by JKLC vide engagement letter dated 30 July 2024 and Incwert has been appointed by UCWL vide engagement letter dated 01 May 2024 and addendum dated 17 July 2024 for recommending the fair share exchange ratio ("Share Exchange Ratio") for the proposed amalgamation of the Amalgamating Company 1 into and with JKLC as the Amalgamated Company.

JKLC and UCWL are hereinafter jointly referred to as the "Clients" or the "Companies".

PwC BCS and Incwert are hereinafter jointly referred to as "Valuers" or "we" or "us" in this Report.

Our deliverable for this engagement is a report on the Share Exchange Ratio ("Share Exchange Ratio Report" or "Valuation Report" or "Report") for the consideration of the Board of Directors of the respective Clients. In our analysis, we have considered the businesses of Amalgamated Company and Amalgamating Company 1 on a "Going Concern" premise with 30 July 2024 being the "Valuation Date".

Certified to be True
For JK Lakshmi Cement Ltd.
Amit Chaurasia
Company Secretary

JK LAKSHMI CEMENT LTD.

PwC Business Consulting Services LLP

Incwert Advisory Private Limited

BACKGROUND OF THE COMPANIES

JKLC is a listed public limited company incorporated under the laws of India and having its registered office at Jaykaypuram Basantgarh Dist Sirohi, Rajasthan, India, 307019. The CIN of JKLC is L74999RJ1938PLC019511. The PAN of JKLC is AAACJ6715G. JKLC is primarily engaged in the business of, inter alia, manufacturing, selling and trading of (a) Clinker and Cement, with manufacturing facilities located in the States of Rajasthan, Chhattisgarh, Gujarat, Haryana and Odisha; and (b) other Cementitious products like Ready Mix Concrete (RMC), Fly Ash Blocks, Plaster of Paris (POP), White Cement and Putty etc., with manufacturing facilities located in the States of Rajasthan, Chhattisgarh, Gujarat, Haryana, Uttar Pradesh and Punjab. The equity shares of JKLC are listed on National Stock Exchange of India ("NSE") and BSE Limited ("BSE").

UCWL is a listed public limited company incorporated under the laws of India and having its registered office at Shripati Nagar, CFA, PO: Dabok Udaipur Rajasthan 313022 - India. The CIN of UCWL is L26943RJ1993PLC007267. The PAN of UCWL is AAACU8858M. UCWL is primarily engaged in the business of, inter alia, manufacturing and selling Clinker and Cement which is similar to the business of JKLC, and has a cement manufacturing plant located in the State of Rajasthan. UCWL is a subsidiary of JKLC and its equity shares are listed on NSE and BSE.

Hansdeep Industries & Trading Company Limited ("HITCL" or "Amalgamating Company 2") is a public limited company incorporated under the laws of India and having its registered office at Jaykaypuram Basantgarh Dist Sirohi, Rajasthan, India, 307019. The CIN of HITCL is U74899DL1993PLC054817. The PAN of HITCL is AABCJ0776A. HITCL has its objects similar to and is also engaged in a business similar to that of JKLC. HITCL is a wholly owned subsidiary of JKLC, and the equity shares of HITCL are not listed on any Stock Exchange in India or in any other country.

Hidrive Developers and Industries Private Limited ("HDIL" or "Amalgamating Company 3") is a public limited company incorporated under the laws of India and having its registered office at Jaykaypuram Basantgarh Dist Sirohi, Rajasthan, India, 307019. The CIN of HDIL is U70101DL2012PTC239786 and its PAN is AACCH9735Q. HDIL has its objects similar to and is also engaged in a business similar to that of JKLC and in this context, it has a land situated at Village Dastan, Taluka Palsana, District Surat, Gujarat - 394310 which is intended to be used for the purpose of setting up cement grinding unit with capacity of 1.35 million Tonnes per annum. HDIL is a wholly owned subsidiary of JKLC, and the equity shares of HDIL are not listed on any Stock Exchange in India or in any other country.

SCOPE AND PURPOSE OF THIS REPORT

We understand from the management of Clients (hereinafter together referred to as "Management") that the Clients are evaluating the following proposed transactions ("Proposed Transactions") through a composite scheme of arrangement (the proposed "Scheme") under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("the Act"), other applicable laws and rules issued thereunder, as may be applicable:

- **Step I:** Amalgamation of Amalgamating Company 1 into and with JKLC as the Amalgamated Company on a going concern basis and issue of equity shares by the Amalgamated Company to the shareholders of UCWL, in consideration thereof.
- **Step II:** Amalgamation of Amalgamating Company 2 into and with JKLC as the Amalgamated Company on a going concern basis.
- **Step III:** Amalgamation of Amalgamating Company 3 into and with JKLC as the Amalgamated Company on a going concern basis.

In connection with the proposed Scheme, the Board of Directors of JKLC and UCWL have appointed PwC BCS and Incwert, respectively as Registered Valuers, to recommend the Share Exchange Ratio and provide a Registered Valuers' Report in relation to the proposed amalgamation of Amalgamating Company 1 into and with JKLC as the Amalgamated Company on a going concern basis, in accordance with the generally accepted professional standards.

PwC Business Consulting Services LLP

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Incwert Advisory Private Limited

We understand that no shares will be issued as consideration in Step II and Step III above as both, the Amalgamating Company 2 and the Amalgamating Company 3 are wholly owned subsidiaries of the Amalgamated Company and the equity shareholding of the Amalgamated Company in Amalgamating Company 2 and Amalgamating Company 3 will get cancelled pursuant to the Proposed Transactions.

The Report will be used by JKLC and UCWL only for the purpose, indicated in this Report, for which we have been appointed. The results of our analysis and our Report cannot be used or relied by the Clients for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report.

As per the Scheme, we understand that the Appointed Date for the Proposed Transactions is 01 April 2024.

The scope of our services includes valuation of the equity shares of JKLC and UCWL on a relative basis as part of this Scheme and to recommend a fair Share Exchange Ratio for the proposed amalgamation of Amalgamating Company 1 into and with JKLC as the Amalgamated Company in accordance with the generally accepted professional standards.

The Valuers have worked independently in their analysis and arrived at different value per share of JKLC and UCWL. However, to arrive at the consensus on the Share Exchange Ratio, appropriate minor adjustments/ rounding off have been done by the Valuers.

We have been provided with the audited financials of the Companies for the year ended 31 March 2024 and for the three months period ended 30 June 2024. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the Valuation Date. Further, we have been informed that all material information impacting the Companies and their operations have been disclosed to us.

We have been informed by the management of the Companies (the "Management") that:

a) there would not be any capital variation in the Clients till the proposed Scheme becomes effective. In case, any of the Companies restructure their share capital by way of share split/consolidation/issue of bonus shares before the proposed Scheme becomes effective, the issue of shares pursuant to Share Exchange Ratio recommended in this Report shall be adjusted accordingly to consider the effect of any such corporate actions.
b) there are no unusual/ abnormal events in the Companies materially impacting their operating performance/ financials after 30 June 2024 till the Valuation Date.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts and in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with this exercise, we have received/obtained the following information about the Clients from the Management:

- Draft composite scheme of arrangement ("Scheme") for the Proposed Transactions;
- Audited financials of the Clients and their investee companies, as applicable for the year ended 31 March 2024 and for the three month period ended 30 June 2024;
- Financial Projections of JKLC and UCWL;
- Number of equity shares/ cumulative redeemable preference shares ("CRPS")/ optionally convertible cumulative redeemable preference shares ("OCRPS") of the Clients outstanding (on fully diluted basis) as on 30 July 2024;
- Other relevant information and documents for the purpose of this engagement provided through emails or during discussion.

In addition, we have obtained information from public sources/ proprietary databases including quarterly results of comparable companies.

PwC Business Consulting Services LLP

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Incwert Advisory Private Limited

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. The Clients have been provided with the opportunity to review the draft report (excluding the recommended Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided in our Report.

JKLC and UCWL have informed us that ICICI Securities Limited and D & A Financial Services Private Limited (individually or together referred to as "Fairness Team"), have been respectively appointed by the Clients to provide fairness opinion on the Share Exchange Ratio for the purpose of the Proposed Transactions. At the request of the Clients we have had discussions with the Fairness Team in respect of our respective valuation analysis.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information, and clarifications regarding past financial performance.
- Considered data available in public domain related to the Clients and their peers.
- Discussions (physical/ over call) with the Management to
  - understand the business and fundamental factors that affect its earning-generating capability and historical financial performance, as available in public domain.
- Undertook Industry Analysis:
  - researched publicly available market data including economic factors and industry trends that may impact the valuation.
  - analysed industry trends and valuation multiples of comparable companies using proprietary databases subscribed by us or our network firms.
- Selected internationally accepted valuation methodology/(ies) as considered appropriate by us, in accordance with the applicable Valuation Standards.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our network firms.

The user to which this valuation is addressed should read the basis upon which the Valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the Valuation Date. Due to possible changes in market forces and circumstances, this Report can only be regarded as relevant as at the Valuation Date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Clients are the only authorized users of this report and use of the Report is restricted for the purpose indicated in the respective engagement letters. This restriction does not preclude the Clients from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Clients' existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

This Report, its contents and the results herein are specific to (i) the purpose of relative valuation agreed as per the terms of our engagement; (ii) the Valuation Date; (iii) and are based on the audited financials of the Clients for the year ended 31 March 2024 and for three months period ended 30 June 2024 (iv) other information obtained by us from the Clients from time to time and (v) accuracy of information in public domain with respect to comparable companies including financial information. We have been informed that

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the business activities of the Clients have been carried out in the normal and ordinary course between 30 June 2024 and the Valuation Date and that no material changes have occurred in their respective operations and financial position between 30 June 2024 and the Valuation Date.

In no event shall we be liable for any loss, damages, cost and expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Clients, their directors, employees or agents.

The Clients and their management/ representatives warranted us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the Clients and their management, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Clients, their directors, employees or agents.

Valuers are not aware of any contingency, commitment or material issue which could materially affect the Companies' economic environment and future performance and therefore, the equity value of the Companies.

We do not provide assurance on the achievability of the results forecast by the Management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of Management.

The Report assumes that the Clients comply fully with relevant laws and regulations applicable in all their areas of operations unless otherwise stated, and that the Clients will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited balance sheets of the Clients, if any, provided to us.

This Report does not look into the business/ commercial reasons behind the proposed Scheme of Arrangement, nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the proposed Scheme of Arrangement as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The valuation analysis and results are governed by the concept of materiality.

It has been assumed that the required and relevant policies and practices have been adopted by the Clients and would be continued in the future.

The fee for the engagement is not contingent upon the results reported.

The actual share exchange ratio may be higher or lower than our recommendation depending upon the circumstances of the Proposed Transactions, the nature of the business. The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the share exchange ratio achieved. Accordingly, our recommended Share Exchange Ratio will not necessarily be the share exchange ratio at which actual transaction will take place.

We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

This Report and the information contained herein is absolutely confidential. The Report will be used by the Clients only for the purpose, as indicated in this Report, for which we have been appointed. The results of our valuation analysis and our Report cannot be used or relied by the Clients for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report. Any person/ party intending to provide finance/ invest in the

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shares/ businesses of the Clients/ their subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Clients) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

It is clarified that any reference to this Report in any document and/ or filing with any tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the Proposed Transactions, shall not be deemed to be an acceptance by the Valuers of any responsibility or liability to any person/ party other than to the respective Board of Directors.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Transactions, without our prior written consent.

This Report is subject to the laws of India.

In addition, this Report does not in any manner address the price at which equity shares of JKLC/ UCWL shall trade following the announcement of the Proposed Transactions and we express no opinion or recommendation as to how the shareholders of either of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transactions. Our Report and opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.

Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.

Though the Valuers are issuing a joint report, PwC BCS will owe the responsibility only to JKLC and Incwert will owe the responsibility only to UCWL. The Valuers have been appointed under the terms of their respective engagement letters. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions or advice given by any other person.

DISCLOSURE OF RV INTEREST OR CONFLICT, IF ANY AND OTHER AFFIRMATIVE STATEMENTS

- The Valuers are not affiliated to the Clients in any manner whatsoever.
- We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation.
- Valuers' fee is not contingent on an action or event resulting from the analyses, opinions or conclusions in this Report.
- Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information was provided to us to carry out the valuation.

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SHAREHOLDING PATTERN

JKLC

The issued and subscribed equity share capital of JKLC as of 30 June 2024 is INR 58.83 crores consisting of 11,76,70,066 equity shares with face value of INR 5/- each. The shareholding pattern is as follows:

Shareholding Pattern as on 30 June 2024	No. of Shares	% Shareholding
Promoter & Promoter Group	5,45,25,922	46.3%
Public	6,31,44,144	53.7%
Grand Total	**11,76,70,066**	**100.0%**

Source: www.bseindia.com accessed on 30 July 2024

Basis Management information, there are no employee stock ownership plan ("ESOP") outstanding as at the Valuation Date.

UCWL

The issued and subscribed equity share capital of UCWL as of 30 June 2024 is INR 224.21 crores consisting of 56,05,37,670 equity shares with face value of INR 4/- each.

The shareholding pattern is as follows:

Shareholding Pattern as on 30 June 2024	No. of Shares	% Shareholding
JKLC	39,86,80,252	71.1%
Dwarkesh	2,17,23,000	3.9%
Public	14,01,34,418	25.0%
Grand Total	**56,05,37,670**	**100.0%**

Source: www.bseindia.com *accessed on 30 July 2024*

Basis Management information, there are no ESOP's outstanding as at the Valuation Date.

We also note that UCWL has redeemable preference shares as on 30 June 2024 which include the following:

5 % Cumulative Redeemable Preference Shares as on 30 June 2024:

Particulars	Number of Shares	Amount in INR Crores
5 % Cumulative Redeemable Preference Shares (INR 1,00,000 each)	6,600	66.0
Total	**6,600**	**66.0**

6 % Optionally Convertible Cumulative Redeemable Preference Shares as on 30 June 2024:

Particulars	Number of Shares	Amount in INR Crores
6 % Optionally Convertible Cumulative Redeemable Preference Shares (INR 100 each)	5,00,000	5.0
Total	**5,00,000**	**5.0**

We note that all the preference shares of UCWL i.e. 5 % Cumulative Redeemable Preference Shares ("CRPS") and 6 % Optionally Convertible Redeemable Preference Shares ("OCRPS") are held by JKLC. We understand that such issued and paid up preference share capital comprising CRPS and OCRPS, issued by UCWL and upon the coming into effect of this Scheme, shall be automatically reduced and cancelled.

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APPROACH FOR RECOMMENDATION OF SHARE EXCHANGE RATIO

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for the proposed amalgamation of Amalgamating Company 1 into and with JKLC as the Amalgamated Company and our reasonable judgment, in an independent and bona fide manner.

The valuation approach adopted by PwC BCS and Incwert is provided in Annex 1A and 1B respectively (Annex 1A and 1B together referred to as Annexes).

BASIS OF SHARE EXCHANGE RATIO

The Share Exchange Ratio has been arrived at on the basis of fair value of equity shares of JKLC and UCWL on a relative basis, based on the various approaches/ methods explained herein after considering various qualitative factors relevant to the Clients, business dynamics and growth potentials of the businesses of the Clients, information base and the underlying assumptions and limitations. To arrive at the consensus on the Share Exchange Ratio for the proposed amalgamation of the Amalgamating Company 1 into and with JKLC as the Amalgamated Company, suitable minor adjustments/ rounding off have been done.

While we have provided our recommendation of the Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Share Exchange Ratio. The final responsibility for the determination of the Share Exchange Ratio at which the proposed amalgamation of the Amalgamating Company 1 into and with JKLC as the Amalgamated Company shall take place will be with the Board of Directors of the Clients who should take into account other factors such as their own assessment of the proposed Scheme and input of other advisors.

In view of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove;

We recommend the following Share Exchange Ratio for the proposed amalgamation of the Amalgamating Company 1 into and with JKLC as the Amalgamated Company as:

4 (four) equity shares of JKLC of INR 5/- each fully paid up for every 100 (one hundred) equity shares of UCWL of INR 4/- each fully paid up.

Respectfully submitted,

PwC Business Consulting Services LLP
Registered Valuer Entity
Registration Number: IBBI/RV-E/02/2022/158

Neeraj

PwC Business Consulting Services LLP

Neeraj Garg
Partner
Registration Number: IBBI/ RV/02/2021/14036
Place: Delhi
Date:31 July 2024
VRN: IOVRVF/PWC/2024-2025/3785

Respectfully submitted,

Incwert Advisory Private Limited
Registered Valuer Entity
Registration Number: IBBI/RV - E/05/2019/108

Incwert Advisory Private Limited

Punit Khandelwal
Director
IBBI Registration No.: IBBI/ RV/05/2019/11375
Place: Gurgaon
Date:31 July 2024

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Annex 1A - Approach to Valuation – PwC BCS

We have considered International Valuation Standards in carrying out our valuation analysis and delivering our valuation conclusion. There are several commonly used and accepted valuation approaches for determining the value of a business/ shares of a company, which have been considered in the present case, to the extent relevant and applicable:

1. Asset Approach - Net Asset Value method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the firm is to be liquidated i.e., it does not meet the "going concern" criteria or in case where the assets base dominates earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the business would continue as going concern and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

2. Income Approach (Discounted Cash Flows (DCF) Method)

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital/ cost of equity. The sum of the discounted value of such free cash flows is the value of the business/ firm/ equity shareholders.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company/ business that are available to all providers of the companies'/ business' capital – both creditors and shareholders.

Appropriate discount rate to be applied to cash flows i.e., the cost of capital:
This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company/ business. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

3. Market Approach:

Under this approach, value of a company is assessed basis its market price (i.e., if its shares are quoted on a stock exchange) or basis multiples derived using comparable (i.e., similar) listed companies or transactions in similar companies. Following are the methods under Market Approach:

- **Market Price (MP) Method**

  The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper indicator of the fair value of the share especially where the market values are fluctuating in a volatile capital market or when the shares are thinly traded. Further, in the proposed amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

- **Comparable Companies' Multiple (CCM) Method**

  Under this method, value of a business/ company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. The market price, as a ratio of the comparable company's attribute such as book net worth, profit after tax, capital employed, earnings, etc. is used to derive an appropriate multiple. This multiple is then applied to the attribute of the asset being valued to indicate the value of the subject asset. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

- **Comparable Companies' Transaction Multiples (CTM) Method**

  Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a business/ share. The determination of a fair value of equity shares/ business undertaking/ preference shares/ Share Exchange Ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single fair value estimate/ Share Exchange Ratio. The fair value estimates/ Share Exchange Ratio rendered in this Report only represent our recommendation based upon information till the Valuation Date, furnished by the Management (or its representatives) and other sources, others may place a different value. The final responsibility for the determination of the Share Exchange Ratio at which the proposed amalgamation of the Amalgamating Company 1 into and with JKLC as the Amalgamated Company shall take place will be with the Board of Directors of JKLC who should take into account other factors such as their own assessment of the proposed Scheme and input of other advisors.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature. The valuation approaches/ methods used, and the values arrived at using such approaches/ methods by us have been tabled below.

The Share Exchange Ratio has been arrived at on the basis of the fair value estimate of the equity shares of JKLC and UCWL on a relative basis, based on the various methodologies explained herein earlier and other factors considered relevant, having regard to information base, key underlying assumptions, and limitations. Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value for the proposed amalgamation of the Amalgamating Company 1 into and with JKLC as the Amalgamated Company. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

In the current analysis, the arrangement involving proposed amalgamation of the Amalgamating Company 1 into and with JKLC as the Amalgamated Company is proceeded with the assumption that on amalgamation, the Amalgamated Company will continue as a going concern and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of the amalgamation, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the values of the equity shares of JKLC and UCWL under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Share Exchange Ratio.

Given the nature of businesses of JKLC and UCWL, and the fact that we have been provided with projected financials for JKLC and UCWL, we have considered it appropriate to apply the DCF Method under the

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Income Approach to arrive the fair value of the equity shares of JKLC and UCWL. Within the DCF method, equity value per share for JKLC and UCWL has been computed as follows:

- Enterprise value of JKLC and UCWL has been computed using DCF method;
- To arrive at the total value available to the equity shareholders for both JKLC and UCWL, value arrived as above is adjusted, as appropriate, for debt (including CRPS/ OCRPS issued by UCWL), cash and cash equivalents, investments and surplus assets as appearing in the balance sheet, contingent liabilities and other matters;
- The remaining value thus determined is then divided by fully diluted equity shares, to arrive at the value per equity share.

For our analysis under Market Approach, we have considered the Market Price Method to arrive at the fair value of the equity shares of JKLC and UCWL. For determining the market price, the volume weighted share price over an appropriate period has been considered in this case.

Considering the stage of operations of JKLC, industry within which it operates and the historical and current profitability status, we have considered EV/EBITDA multiples of various listed comparable companies. We have relied on publicly available information and certain databases such as CapIQ, etc. to arrive at the comparable company multiple. Further, considering the current size of UCWL and expected ramp-up in operations on account of the additional capacity of 2.5 MTPA, we have not considered the comparable company multiple,

Comparable Companies' Transaction Multiple (CTM) method has not been used due to lack of information in the public domain on comparable transactions of similar scale. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

For our final analysis and recommendation, we have considered the values arrived under the Income Approach and Market Approach to arrive at the fair value estimates of equity shares of JKLC and UCWL for the purpose of the proposed amalgamation of the Amalgamating Company 1 into and with JKLC as the Amalgamated Company.

We have considered appropriate weights to the values arrived at under the various valuation approaches/ methodologies.

In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, the table below summarises our workings for valuation of equity shares of JKLC and UCWL and the Share Exchange Ratio as derived by us.

Share Exchange Ratio for the proposed amalgamation of Amalgamating Company 1 into and with JKLC as the Amalgamated Company by PwC BCS is tabulated below:

Approach	JKLC (A)		UCWL (B)	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach-Net Asset Value Method	280.41	0.0%	15.63	0.0%
Income Approach - Discounted Cashflow Method	1,113.77	50.0%	42.60	50.0%
Market Approach				
Comparable Companies Method				
-EV/EBITDA	1,138.17	25.0%	NA	NA
-Market Price Method (Higher of 10 trading days or 90 trading days VWAP)	870.35	25.0%	41.88	50.0%
Relative Value per Share	**1,059.01**		**42.24**	
Share Exchange Ratio (A:B) *	**4**		**100**	

**Rounded*

Annex 1B - Approach to Valuation – Incwert

The standard of value used in our analysis is fair value, which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

There are several commonly used and internationally accepted methods for determining the fair value of companies, which have been considered in the present case, to the extent relevant and applicable. Due cognizance and consideration have been given to International Valuation Standards ("IVS") valuation approaches and methods in valuing the Amalgamated Company and Amalgamating Company 1.

The valuation has been prepared on the basis of fair value and determines the value of 100 per cent of the equity of the Companies as at the Valuation Date.

The definition of fair value as per IVS issued by the International Valuation Standards Council ("IVSC"), is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the valuation date. Fair value is the price in an orderly transaction in the principal (or most advantageous) market at the valuation date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As part of our valuation analysis, we have considered the going-concern basis and as-is-where-is basis to be appropriate.

Valuation approaches and methods selected duly consider the guidance in "IVS 105 Valuation Approaches and Methods" which defines the approaches and methods for valuing an asset and provides guidance on the use of various valuation approaches and methods. We have considered the commonly used and accepted methods for computing the fair value, to the extent relevant and applicable, including:

1. Market Approach:
   - Market Price method
   - Comparable Companies Multiples
   - Comparable Transaction Multiple Method
2. Income Approach: Discounted Cash Flow Method
3. Cost Approach: Net Asset Value Method, Replacement Cost Method, Realisable Cost Method, and Underlying asset method

This valuation could fluctuate with a lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions, material change in the value of an underlying asset between the Valuation Date and date of issuance of this Report, financial and otherwise, of the Company, and other factors which generally influence the valuation of companies and their assets.

We have relied on the judgment of the Management as regards contingent and other liabilities.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of the methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature, regulatory guidelines, and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

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The valuation methodologies, as may be applicable, which have been used to arrive at Companies valuation are discussed hereunder:

- **Market Price (MP) Method**

  The market price of equity shares as quoted on a Stock Exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.
  Equity shares of the JKLC and UCWL are listed on National stock exchange and Bombay stock exchange and trade frequently, hence this method has been considered. For determining the market price of JKLC, the volume weighted share price on the NSE over an appropriate period has been considered.
  However, to determine the market price of UCWL, the volume-weighted share price on the BSE over an appropriate period has been considered, as trading on the NSE was suspended for six months from 26 October 2023 to 22 April 2024.

- **Comparable Companies Market Multiple ("CCM") Method**

  Under this method, the value of the equity shares of a company/ business undertaking is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant for the assessment of the value of the company.

  Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. In identifying the comparable companies, the business description and various operating metrics were analysed.

  For the purpose of the valuation of JKLC and UCWL, comparable companies listed in India were identified, but due to differences in the expected growth, margin and returns of the listed peers compared to UCWL, no weightage has been given to this method to arrive at the 100 per cent interest in equity of UCWL, however this method has been considered for JKLC since the Company is operating at similar metrics of expected growth, margin and returns of the listed peers.

- **Comparable Companies Transaction Multiple ("CTM") Method**

  Under the CTM method, the value of the equity shares of a company/ business undertaking is arrived at by using the prices implied by reported transactions/ deals of comparable companies.
  Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

  Due to different purposes of investments, transaction rationale and synergy benefits, different control premiums are embedded in the transaction values.
  We have not used comparable transactions multiples to value the Companies due to the lack of availability of similar transactions along with complete data relating to premiums/discounts involved in such transactions which have taken place in the last 12-24 months.

- **Income approach - Discounted Cash Flows (DCF) Method**

  Under the DCF method, forecast cash flows are discounted back at an appropriate discount rate to the present date, generating a net present value for the cash flow stream of the company. A terminal value at the end of the explicit Forecast Period is then determined, and that value is also discounted back to the valuation date to give an overall value of the company/business. We have used the free cash flows to the firm ("FCFF") approach to capture the value of the business.

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In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilized level of earnings or to be reflective of an entire operational cycle for more cyclical industries.

The rate at which the future cash flows are discounted ("the discount rate") should reflect not only the time value of money but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental. The discount rate most generally employed for carrying out FCFF analysis is the weighted average cost of capital ("WACC"), reflecting an optimal as opposed to the actual financing structure, which is applied to leveraged cash flows and results in enterprise value.

In calculating the terminal value, regard must be given to the business' potential for further growth beyond the explicit forecast period. The "constant growth model", which applies a projected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity, is a common method.

We have used the DCF methodology to value the Companies due to the availability of management business plan.

Within the DCF method, equity value per share for JKLC and UCWL has been computed as follows:

- Enterprise value of JKLC and UCWL has been computed using DCF method;
- To arrive at the total value available to the equity shareholders for both JKLC and UCWL, value arrived as above is adjusted, as appropriate, for debt (including CRPS/ OCRPS issued by UCWL), cash and cash equivalents, investments and surplus assets as appearing in the balance sheet, contingent liabilities and other matters;
- The remaining value thus determined is then divided by fully diluted equity shares, to arrive at the value per equity share.

- **Net Asset Value (NAV) Method**

  Under the net asset value approach, total value is based on the sum of net asset value as recorded on the balance sheet. Net asset value is determined by marking every asset and liability on (and off) the company's balance sheet to current market values.

  The asset-based valuation technique is based on the value of the underlying net assets of the business either on a book value basis or realisable value basis or replacement cost basis. The cost approach assumes that a prudent investor would pay no more for an entity than the amount for which he could replace or re-create it or an asset with similar utility. Under a going-concern premise, the cost approach usually is best suited for valuing asset-intensive companies, such as investment or real estate holding companies, or companies with unstable or unpredictable earnings or companies with little or no growth prospects.

  The Scheme of Arrangement would normally be proceeded with on the assumption that the companies being part of the amalgamating process are going concerns and an actual realisation of their operating assets is not contemplated. Hence, while we have presented this method for comparative purposes, we have considered it appropriate to not provide any weightage to the NAV method.

Valuation analysis and interpretation

When evaluating the approaches/methodologies to be adopted for valuing a company or business, an appraisal engagement requires an understanding of the nature of the company's business. An operating company primarily derives profits through the offering of products or services.

Based on the foregoing, the valuation approach/methodology adopted for determining the value of JKLC and UCWL for the purpose of the proposed amalgamation of the Amalgamating Company 1 into and with JKLC as the Amalgamated Company, are as follows:

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We have used the internationally accepted valuation methodology for determining fair market value. The applicability and appropriateness of the valuation approaches were analysed, however, the value is concluded based on the income approach using the DCF methodology and market approach using Market price method – for both JKLC and UCWL and Comparable Companies method – for JKLC only.

Management Business Plan has been utilised for computing the value of the Companies under the Discounted Cash Flow method.

We have considered appropriate weights to the values arrived at under the various valuation approaches/ methodologies.

In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, the table below summarises our workings for valuation of equity shares of JKLC and UCWL and the Share Exchange Ratio as derived by us.

Share Exchange Ratio for the proposed amalgamation of Amalgamating Company 1 into and with JKLC as the Amalgamated Company by Incwert is tabulated below:

Approach	**JKLC (A)**		**UCWL (B)**	
	Value per Share (INR)	**Weight**	**Value per Share (INR)**	**Weight**
Asset Approach-Net Asset Value Method	280.41	0.0%	15.63	0.0%
Income Approach - Discounted Cashflow Method	1,129.97	50.0%	43.48	50.0%
Market Approach				
-Comparable Companies' Multiple Method (EV/EBITDA)	1,150.11	25.0%	NA	NA
-Market Price Method (Higher of 10 trading days or 90 trading days VWAP)	870.35	25.0%	41.88	50.0%
Relative Value per Share	**1,070.10**		**42.68**	
Share Exchange Ratio (A:B) *	4		100	

*Rounded
NA = Not applicable/adopted

NM = Not meaningful

a. Cost approach – Net asset value method is not considered to value JKLC and UCWL considering the Scheme would normally be proceeded with on the assumption that the Companies being part of the amalgamating process are going concerns and an actual realisation of their operating assets are not contemplated.

b. Considering the stage of operations of JKLC, the industry within which it operates and the historical and current profitability status, we have considered EV/EBITDA multiples of various listed comparable companies. We have relied on publicly available information and proprietary databases to arrive at the comparable company multiple. Further, considering the current size of UCWL and expected ramp-up in operations following the addition of 2.5 MTPA of capacity, the current earning of UCWL would not reflect the growth. As such, we have not considered the comparable companies' multiple to value UCWL.

c. Comparable Companies' Transaction Multiple (CTM) method has not been used due to lack of information in the public domain on comparable transactions of similar scale. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

Certified to be True
For JK Lakshmi Cement Ltd.

Amit Chaurasia
Company Secretary

PwC Business Consulting Services LLP
Registered Valuer Entity
Registration No. IBBI/RV – E/02/2022/158

1st Floor, 11A, Sucheta Bhawan,
Vishnu Digambar Marg,
Delhi - 110002

Incwert Advisory Private Limited
Registered Valuer Entity
Registration No. IBBI/RV - E/05/2019/108

1006 A&B, 10th floor,
Welldone TechPark, Sohna Rd.,
Sector-48, Gurgaon – 122018
Haryana, India

Private & Confidential

02 August 2024

To,

The Board of Directors
JK Lakshmi Cement Limited
Jaykaypuram, District Sirohi,
Rajasthan – 307 019

The Board of Directors
Udaipur Cement Works Limited
Shripati Nagar, CFA,
P.O. Dabok, Udaipur
Rajasthan – 313 022

Ref: Share Exchange Ratio ("SER") report issued jointly by PwC Business Consulting Services LLP ("PwC BCS") and Incwert Advisory Private Limited ("Incwert") dated 31 July 2024

Dear Sir/ Madam,

We refer to the respective engagement letters of PwC BCS and Incwert, whereby PwC BCS was appointed by JK Lakshmi Cement Limited ("JKLC" or "Amalgamated Company") vide engagement letter dated 30 July 2024 and Incwert had been appointed by Udaipur Cement Works Limited ("UCWL" or "Amalgamating Company 1") vide engagement letter dated 01 May 2024 and addendum dated 17 July 2024 to provide a joint SER report for the Proposed Transactions (as defined hereinafter).

JKLC and UCWL together are referred to as "Clients" or "Companies".

We understand that pursuant to a composite scheme of Arrangement ("Scheme"), the following transactions are proposed (together referred to as "Proposed Transactions") by the Clients under the provisions of Sections 230 to 232 of the Companies Act, 2013, other applicable laws and rules issued thereunder, as may be applicable:

- **Step I:** Amalgamation of Amalgamating Company 1 into and with JKLC as the Amalgamated Company on a going concern basis and issue of equity shares by the Amalgamated Company to the shareholders of UCWL, in consideration thereof.
- **Step II**: Amalgamation of Hansdeep Industries & Trading Company Limited ("HITCL" or "Amalgamating Company 2") into and with JKLC as the Amalgamated Company on a going concern basis.
- **Step III**: Amalgamation of Hidrive Developers and Industries Private Limited ("HDIL" or "Amalgamating Company 3") into and with JKLC as the Amalgamated Company on a going concern basis.

Certified to be True
For JK Lakshmi Cement Ltd.
Amit Chaurasia
Company Secretary

JK LAKSHMI CEMENT LTD.

We understand that no shares will be issued as consideration in Step II and Step III above as both, the Amalgamating Company 2 and the Amalgamating Company 3 are wholly owned subsidiaries of the Amalgamated Company and the equity shareholding of the Amalgamated Company in Amalgamating Company 2 and Amalgamating Company 3 will get cancelled pursuant to the Proposed Transactions.

Accordingly, we have completed our procedures and submitted the joint SER report providing our recommendation of the fair share exchange ratio for the amalgamation of UCWL into and with JKLC as the Amalgamated Company on a going concern basis on 31 July 2024.

We understand from management that HITCL and HDIL have received the approvals for shifting their respective Registered Addresses and accordingly the updated CIN details for HITCL and HDIL are as follows:

- HITCL is a public limited company with CIN - U74899RJ1993PLC096253; and
- HDIL is a private limited company with CIN - U23941RJ2012PTC096250.

Our SER report dated 31 July 2024 should be read in conjunction with this letter.

Respectfully submitted,

For and on behalf of
PwC Business Consulting Services LLP
Registered Valuer Entity
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

NEERAJ GARG
Digitally signed by NEERAJ GARG
Date: 2024.08.02 20:31:54 +05'30'

Neeraj Garg
Partner
IBBI Membership No: IBBI/RV/02/2021/14036
Date: 02 August 2024

Respectfully submitted,

For and on behalf of
Incwert Advisory Private Limited
Registered Valuer Entity
IBBI Registered Valuer No.: IBBI/RV-E/05/2019/108

PUNIT KHANDELWAL
Digitally signed by PUNIT KHANDELWAL
Date: 2024.08.02 19:02:32 +05'30'

Punit Khandelwal
Director
IBBI Membership No: IBBI/RV/05/2019/11375
Date: 02 August 2024

JK LAKSHMI CEMENT LTD.

Certified to be True
For JK Lakshmi Cement Ltd.

Amit Chaurasia
Company Secretary