JK LAKSHMI CEMENT Ltd.

ANNEXURE - VIII

Benefits of the Scheme to the public shareholders and details of change in value of public shareholders pre and post scheme of arrangement

The detailed rationale is already mentioned in the Scheme which is not reproduced here for the sake of brevity. However, in summary, Scheme envisaged various benefits for the public shareholders, which are mentioned below:

1. Synergical Benefits upon Merger

(a) Increased Synergical benefits in Manufacturing, Distribution Process & Logistics alignment reducing time to market & benefitting customers.

(b) Scope for reduction in Fixed Costs & Other benefits of Economies of Scale including common procurement.

2. Simplified Structure with Consolidation of Cement Capacities in a Single Entity

(a) Presently, the Cement Assets are fragmented into 4 Entities viz JK Lakshmi, Udaipur Cement, Hansdeep & Hidrive. The Scheme consolidates the Cement Assets of all the 4 Entities into a Single Business Focused Listed Entity making a Stronger Balance Sheet.

(b) Availability of Consolidated Cash Flows in a Single Entity enabling faster Growth.

3. Unlocking Value for the Shareholders.

(a) Shareholders of JKLC to benefit through Optimum Valuation with Cement Capacity consolidating into a Single Listed Entity with no Subsidiary discount.

(b) Shareholders of UCWL to gain by merging into a much Bigger Listed Entity with higher Cement Capacity.

4. Efficiency in Operations, Processes & Compliances.

(a) Streamline the Corporate Structure by Consolidating Multiple Entities, Legal and Regulatory Compliances & Reduction of Administrative costs.

(b) No need for any approvals for Related Party Transactions or Corporate Guarantees.

The Independent Registered Valuers have given their joint valuation Report wherein the Share Exchange Ratio has been arrived on the basis of fair value of equity shares of JKLC and UCWL on a relative basis and they have recommended the following share exchange ratio for the amalgamation of UCWL into and with JKLC as:

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

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The above Swap Ratio has been arrived at by the Independent Valuers based on the Intrinsic Value of the Equity Shares of JKLC & UCWL. This Intrinsic Value has been arrived at using various methods of Share Valuation as listed by the Independent Valuers in their Joint Valuation Report. The Swap Ratio arrived at by the Independent Valuers would be to ensure that the Public Shareholders of UCWL get the same Fair Value of Shares in JKLC as the Fair Value of their Holding in UCWL.

Further, it may be added that in view of the Consolidation of the Fragmented Cement Capacities from Two Listed Entities into a Single Listed Entity shall also enable: -

(a) Shareholders of UCWL moving from a Listed Entity having a Cement Capacity of 4.7 MT to a Listed Entity having a Cement Capacity of 16.4 MT.

(b) Shareholders of JKLC will be enriched as the capacity for the Consolidated JKLC post-Merger shall increase from the existing capacity of 11.7 MT to 16.4 MT in the Amalgamated Company.

Generally, the Market Multiple in Cement Industry moves in tandem with the underlying Cement Capacity in the Company. It is expected that Post Scheme, the Market Multiple of the Combined Entity (JKLC Post Scheme) would improve from that being enjoyed separately by the Two Listed Entities i.e. JKLC & UCWL thereby benefitting the Public Shareholders of JKLC as well as of UCWL.

For JK Lakshmi Cement Limited

JK LAKSHMI CEMENT LTD.

(Amit Chaurasia)
Company Secretary

Date: 5th August 2024

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