



ANNEXURE V

D & A FINANCIAL SERVICES (P) LIMITED

Merchant Banking & Corporate Advisory Services

Date: 31st July, 2024

The Board of Directors
Udaipur Cement Works Limited
 Shripati Nagar, CFA PO, Dabok,
 Udaipur, Rajasthan, India, 313022

Subject: Fairness opinion for the purpose of proposed scheme of amalgamation of Udaipur Cement Works Limited on a going concern basis into and with JK Lakshmi Cement Limited, and their respective shareholders and creditors ("Composite Scheme of Amalgamation and Arrangement or "Scheme")

Dear Sir/s,

We understand that the Board of Directors have proposed amalgamation of Udaipur Cement Works Limited ("UCWL" or "Amalgamating Company") into and with JK Lakshmi Cement Limited ("JKLC" or "Amalgamated Company"), and their respective shareholders and creditors for the proposed scheme of Amalgamation under the provisions of Section 230 to 232 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

In connection with the proposed amalgamation, we, M/s D & A Financial Services (P) Ltd, SEBI registered Merchant Banker, having license no. INM000011484, have been engaged by the Board of Directors of UCWL to give our fairness opinion on the fair value analysis jointly recommended by registered valuers M/s PwC Business Consulting Services LLP (IBBI/RV-E/02/2022/158) having office at 11A, Sucheta Bhawan, 1st Floor, Vishnu Digambar Marg, New Delhi - 110002 and M/s Incwert Advisory Private Limited (IBBI/RV-E/05/2019/108) having office at Welldone Techpark Sector 48 Gurgaon, 122018 (hereinafter referred to as "Valuers") in their joint valuation report dated 31st July 2024, who were appointed Valuer for the purpose of recommending fair exchange ratio for the Proposed Transaction.

The Scheme shall be subject to (i) Receipt of approval from the National Company Law Tribunal ("NCLT") and (ii) Other Statutory Approval(s) as may be required in this regard.

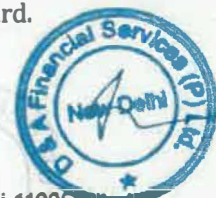
For Udaipur Cement Works Ltd.

(Poonam Singh)
 Company Secretary & Compliance Officer

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ANNEXURE

1. Scope and Purpose of the Opinion

The Management of UCWL has engaged M/s D & A Financial Services (P) Ltd to submit fairness opinion to the Board of Directors on the Proposed Transaction as defined above.

The Fairness Opinion is addressed to the Board of Directors of UCWL and JKLCL. Further, this Fairness Opinion has been issued as per the requirements of SEBI Circular no SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Circular").

We have assumed and relied upon the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the authorized representatives of management of UCWL for the purpose of this Opinion. We have not reviewed any other documents of the Company other than those stated herein. We have not assumed any obligation to conduct, nor have we carried out any independent physical inspection or title verification of the property, investments etc. interests of companies and accept no responsibility therefore.

We have not reviewed any internal management information statements or any non-public reports and instead with your consent we have relied upon information that was publicly available or provided or otherwise made available to us by management of UCWL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threatened claims.

2. BRIEF BACKGROUND OF THE COMPANIES**A. JK Lakshmi Cement Limited**

- (i) JKLC is a listed public limited company incorporated under the laws of India and having its registered office at Jaykaypuram Basantgarh District Sirohi, Rajasthan, India, 307019. The CIN of JKLC is L74999RJ1938PLC019511. The PAN of JKLC is AAACJ6715G.
- (ii) 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.



- (iii) JKLC was originally incorporated on August 06, 1938, under the Indian Companies Act, 1913, under the name and style 'Straw Products Limited'. The name of the Company was changed to 'JK Corp Limited', pursuant to which a certificate of incorporation pursuant to change of name was issued by the Registrar of Companies, Orissa on June 17, 1994.

Subsequently the Registered Office of the Company was shifted from the State of Orissa to the State of Rajasthan, pursuant to which a fresh certificate of registration (consequent to change of registered office) was issued by Registrar of Companies, Jaipur. Thereafter, the name of the Company was changed from 'JK Corp Limited' to 'JK Lakshmi Cement Limited', pursuant to which a certificate of incorporation pursuant to change of name was issued by the Registrar of Companies, Jaipur on October 06, 2005.

- (iv) The Equity Shares of JKLC are listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE").

B. Udaipur Cement Works Limited

- (i) 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.
- (ii) 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.
- (iii) UCWL was originally incorporated on March 15, 1993, under the Companies Act, 1956, with the name and style 'J.K. Udaipur Udyog Limited'. The name of the company was changed to 'Udaipur Cement Works Limited', pursuant to which a certificate of incorporation pursuant to change of name was issued by the Registrar of Companies, Jaipur on May 19, 2006.
- (iv) UCWL is a subsidiary of JKLC and the Equity Shares of UCWL are listed on NSE and BSE.

3. RATIONALE OF THE PROPOSED TRANSACTION

- (i) 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.
- (ii) The Amalgamating Companies are primarily engaged in businesses and/or have objects similar to that of JKLC. Hence, Amalgamation of the Amalgamating Companies, into and with JKLC as the Amalgamated Company shall provide an opportunity to the Scheme Entities to better consolidate their assets and to utilize the same more efficiently, which will be in the interest of all stakeholders of all four Scheme Entities.



- (iii) UCWL, in addition to being in the same business as that of the Amalgamated Company, has a strong network of cement dealers spread *inter alia* in Rajasthan, Madhya Pradesh, Maharashtra and Gujarat. Hence, Amalgamation of UCWL into and with the Amalgamated Company is expected to result in enhanced growth, competitiveness and sustainability of the combined entity in the industry. Also, it will streamline the corporate organizational structure by reducing the number of layers of legal entities and will in turn assist the shareholders and investors in better understanding and evaluating the structure and strength of the operations of the combined business/operations.
- (iv) This composite Scheme of Amalgamation and Arrangement will result in consolidating and improving the internal systems, procedures and controls and will also bring greater management and operational efficiency due to integration of various similar functions presently being carried out in each individual entity within the group leading to a more efficient organization.
- (v) The proposed Scheme shall also simplify the group structure and make it more commercially meaningful to have one combined entity focused in the business of cement and cement products.
- (vi) Presently, the cement business is fragmented in four (4) entities i.e., JKLC and the Amalgamating Companies. The Scheme shall be in the interest of the shareholders of the two (2) listed entities, i.e., JKLC and UCWL, as it proposes to consolidate all the cement companies into a single business focused entity resulting in optimum market multiple valuation (as opposed to discounted multiple with fragmented capacities). The Scheme would, *inter alia*, result in the following benefits for the Scheme Entities:
- (a) enable value unlocking for the shareholders of all the Scheme Entities and shall also enhance the potential for growth of the overall business by effectively utilizing the synergies resulting out of the Amalgamation;
 - (b) provide opportunity for reduction of operational costs through synergies from sales and production planning across the business and better order load;
 - (c) reduce inventory, improve vendor/customer management, and better monitoring of receivables and of age profile of creditors, resulting in release of working capital from Amalgamated Company. Further, efficiency in debt and cash management will improve, enabling the Amalgamated Company to have unfettered access to cash flows generated which can be utilized for growth and sustenance;
 - (d) dedicated management approach and focus on the business, creating opportunities for pursuing independent growth and expansion strategies, and efficient capital allocation;
 - (e) consolidation of the Amalgamating Companies into and with the Amalgamated Company would also lead to synergies in manufacturing and distribution process, operational process, logistic alignment, better utilisation of human resources, elimination of duplication of work and related party transactions, rationalization and reduction of compliance requirements and financial exposure by avoidance of corporate guarantees for financial assistance for subsidiaries and further



development and growth of businesses, leading to economies of scale and creation of efficiency by reducing time to market and benefiting customers;

- (f) streamlining the group structure, rationalization of multiplicity of entities, thereby reducing compliance cost of multiple entities viz., statutory filings, regulatory compliances, labour law/ establishment related compliances;
 - (g) easier to address the needs of customers by providing them uniform product and service experience, on time supplies, and improved service levels thereby improving customer satisfaction; and
 - (h) necessary consolidation of all assets related to the cement business including fragmented capacities currently housed under different Scheme Entities, into and with the Amalgamated Company which will also enhance the financial health with higher growth, margin, expansion and increased cashflows which will provide further support for organic growth opportunities and result in the formation of a larger, more profitable and broader company, having greater capacity to raise and access funds for growth and expansion of the business.
- (vii) Accordingly, the Scheme Entities believe that this Scheme is in their best interests and in the best interest of their respective shareholders, creditors, employees, and other stakeholders, as it is expected to provide greater financial strength, attract investors and provide flexibility and better access of funds as result of the Scheme.

4. Sources of Information

- (i) Valuation Report on valuation of shares and Share Exchange Ratio for the purpose of the proposed scheme of Amalgamation issued jointly by valuers M/s PwC Business Consulting Services LLP and M/s Incwert Advisory Private Limited dated 31st July 2024.
- (ii) Draft Composite Scheme of Amalgamation and Arrangement.
- (iii) Discussions with the management.
- (iv) Such other information, explanations and representations that were required and provided by the management.

5. Valuation Report

Valuer have recommended fair exchange ratio on the basis of analysis and analytical review and relative valuation of the equity shares of the respective companies and opined that the fair exchange ratio of equity as described below is fair and reasonable for all equity shareholders and the companies involved in the Scheme:



"The Board of Directors of the Amalgamating Company and the Amalgamated Company, have determined the share swap ratio, on a fully diluted basis, as 4:100 ("Share Swap Ratio"), based on their independent judgment and after taking into consideration the aforesaid Valuation Report as:

"for 100 equity shares of face and paid-up value of INR 4 (Indian Rupees four) each held in the Amalgamating Company, 4 equity shares of face and paid-up value of INR 5 (Indian Rupees five) in the Amalgamated Company"

6. Conclusion and Opinion

On the basis of our scope and limitations mentioned in this report and based on our examination of the draft of the proposed composite scheme of amalgamation and arrangement and valuation report jointly issued by registered valuers M/s PwC Business Consulting Services LLP and M/s Incwert Advisory Private Limited dated 31st July 2024 and on consideration of all relevant factors as described herein above, we are of the opinion that the valuation done by the valuers for determining the fair exchange ratio is fair and reasonable.

Thanking You

For D & A Financial Services (P) Ltd

SEBI Cat-I, Merchant Banker

INM000011484




Vardhman Doogar

Director

Place: New Delhi

Date: 31 July, 2024



APPENDIX A

EXCLUSIONS AND LIMITATIONS

- Our conclusion is based on the information furnished to us being complete and accurate in all material respects.
- We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Companies.
- Our work does not constitute verification of historical financials or including the working results of the Companies referred to in this Opinion. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this Opinion.
- Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement.
- Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- We do not express any opinion as to the price at which shares of the Companies may trade at any time, including, subsequent to the date of this opinion.

For Udaipur Cement Works Ltd.



(Poonam Singh)
Company Secretary & Compliance Officer

