

BSE Ltd.

Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

Security Code No. 500380
Through: BSE Listing Centre

National Stock Exchange of India Ltd.

“Exchange Plaza”
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 051

Symbol : JKLAKSHMI, Series : EQ
Through: NEAPS

Dear Sir/Madam,

RE: Company's comments on the News Item.

This has reference to the News Item appearing the Financial Dailies (enclosed as Annexures I & II) regarding the Investors/Shareholders rejecting the Company's Proposal to hike Inter Corporate Transaction Limit of Loan / Guarantee / Security / Investment upto ₹10,000 Crores u/s 186 of the Companies Act, 2013.

In this regard, we would like to comment as under: -

1. The Board of Directors of the Company had approved & recommended to the Shareholders a Special Resolution for approving the Enhancement in the Limits u/s 186 of the Companies Act, 2013 for making Investments, providing Guarantees, etc. to Other Body Corporates upto an amount of ₹10,000 Crores. At the time the Board had approved this Proposal, the Company was seriously evaluating an Acquisition Opportunity to acquire a Cement Company in the Valuation Range of Enterprise Value (EV) of ₹ 6,000 Crore – ₹ 6,500 Crore (enclosed as Annexure III).
2. As per Section 186 of the Companies Act, 2013, the Company is allowed to make Investments, providing Guarantees, etc. upto higher of :-
 - i) 60% of its Paid-up Share Capital, Free Reserves & Securities Premium Account or;
 - ii) 100% of its Free Reserves and Securities Premium Account.

Based on the Audited Accounts as of 31st March 2023, the Company was having a Limit of making Investments, etc. u/s 186 of the Companies Act, 2013 of approximately ₹ 2,650 Crores and had almost fully utilized the same by way of making Investments mainly in its Subsidiary (M/s. Udaipur Cement





Works Ltd.) & also providing Guarantees for Term Loans availed by M/s. Udaipur Cement Works Ltd. from Banks for its Ongoing & Expansion Projects. A part of the Available Limit u/s 186 of the Companies Act, 2013 was also used for deploying Treasury Corpus Funds in various Debt Instruments in the Market.

3. The Available Unutilized Limit u/s 186 of the Companies Act, 2013 was inadequate to acquire the Controlling Stake in the Target Company & also to provide Corporate Guarantee for Refinancing of the Term Loans in the Target Company. The Company had therefore sought Shareholders' Approval for increasing the Limit of making Investments, providing Guarantees, etc. u/s 186 of the Companies Act, 2013 upto an amount of ₹10,000 Crores to facilitate smooth completion of the Envisaged Acquisition Opportunity which was being then evaluated by the Company.

Since the Acquisition Opportunity did not materialize, this Proposal for Enhancement in the Limit of making Investments, providing Guarantees, etc. u/s 186 of the Companies Act, 2013 upto an amount of ₹10,000 Crores was not effectively pursued by the Company with the Investors for seeking their Approval.

Despite the fact that this Enhancement in the Limit of making Investments, providing Guarantees, etc. u/s 186 of the Companies Act, 2013 upto an amount of ₹10,000 Crores was not pursued vigorously by the Company, 71.10% of the Shareholders had voted in favour of this Resolution & only the remaining voted against.

All the other Seven Resolutions proposed by the Company were passed by the Shareholders with Overwhelming Majority.

Submitted for information & clarification from the Company's point of view based on which the Approval for Enhancement in the Limit of making Investments, providing Guarantees, etc. u/s 186 of the Companies Act, 2013 upto an amount of ₹10,000 Crores was sought from the Shareholders.

Thanking You,

Yours faithfully,
For JK Lakshmi Cement Limited

(Amit Chaurasia)
Company Secretary

Encl.: a.a.



JK Lakshmi Cement investors reject raising inter-corp transaction limit

Shareholders of JK Lakshmi Cement Ltd (JKLC) have rejected a special resolution for increasing inter corporate transaction limit to ₹10,000 crore. The special resolution, which sought shareholders' approval for increasing the limit under section 186 of the Companies Act 2013 for making investments, giving loans, providing guarantees, etc - could get only 71.10 per cent of the total votes polled at the AGM held on August 24, 2023, said the scruti-nizer's report uploaded by JKLC on stock exchanges.

Although 28.90 per cent of the votes were polled against the proposal, the Companies Act mandates that a special resolution has to be passed by a super majority, which refers to at least 75 per cent of the members voting in favour of it.

As the special resolution received less than the required votes of the total votes polled, it was rejected.

PTI



JK Lakshmi Cement shareholders nix plan to hike inter-corporate deal limit

Our Bureau
 Mumbai

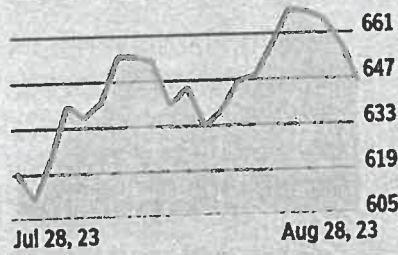
Shareholders of JK Lakshmi Cement have rejected a special resolution put on vote for increasing inter corporate transaction limit to ₹10,000 crore.

The company had sought shareholders approval for the special resolution at the recent AGM held last Thursday and could garner only 71.10 per cent favourable votes.

FUNDS BLOCK PROPOSAL
 Of the 9.50 crore votes polled, the special resolution could garner 6.75 crore (71 per cent) votes in favour while 2.74 crore (29 per cent) votes were

JK Lakshmi Cement

Return 4% ₹ 644 675



against the proposal. As per the Companies Act, a special resolution has to be passed by a majority of 75 per cent votes. The resolution was failed, as public institutions largely (70.19 per cent) voted against, though public non-institution or retail investors (99.90 per cent) voted in favour. Subsequently, the company sec-

retary Ronak Jhuthawat & Co in a report said all the other seven resolutions including dividend (₹3.75/share), continuation of Bharat Haff Singharoa as director and approval (or enhancement of borrowing limits were passed with requisite majority.

The company had earlier sought shareholders consent to accord powers to the Board of Directors for giving any loan to any person or other body corporate, give any guarantee or provide security in connection with a loan to any other body corporate or person and acquire by way of subscription, purchase or otherwise, the securities of any other body corporate.



Ambuja-ACC, JK Lakshmi Lead Race to Acquire Sanghi Cement

Promoters said to be looking to sell controlling stake in co at an enterprise value of ₹6k cr

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New Delhi: Adani group-owned Ambuja-ACC and JK Lakshmi Cement are ahead in the race to acquire Ahmedabad-based Sanghi Cement which is being sold for an estimated enterprise value of ₹6,000 crore, people familiar with the matter said.

The two frontrunners are expected to start due diligence on the company soon and, if it is satisfactory, place formal offers over the next two months, they said.

Shree Cement, Nirma Group and Dalmia Bharat had also submitted proposals to acquire a controlling stake in Sanghi Cement company, but are no longer in the running, the people said.

Sanghi Cement is controlled by the family of Ravi Sanghi, promoters of Sanghi Industries.

Sanghi Industries' shares hit a 52-week high of ₹93.35 on the BSE on Monday, giving the company a market capitalisation of around ₹2,400 crore. The company's shares have

On the Hunt

Ambuja-ACC, JK Lakshmi Cement likely to start due diligence

Shree Cement, Nirma Group, Dalmia Bharat had also submitted proposals

But these cos are said to be no longer in the running

The 2 front-runners may place formal offers over next 2 months

Sanghi Cement controlled by the family of Ravi Sanghi – promoters of Sanghi Industries



rallied 26% in the past one month.

"No comments on market speculation," an Adani group spokesperson said in response to ET's queries.

JK Lakshmi Cement and Sanghi Cement declined to comment. Dalmia and Nirma group also declined to comment. Shree Cement confirmed it has dropped out of the race to acquire Sanghi Cement.

Ambuja-ACC, JK Lakshmi Cement and UltraTech are the top three cement players in Gujarat

from where Sanghi Cement derives the bulk of its revenues.

"It's a very strong strategic fit for Ambuja-ACC," a person briefed about discussions on the transaction remarked. The Adani family had acquired Ambuja-ACC from Switzerland's Holcim in May last year in a \$10.5 billion deal, including the cost of open offers.

ET had first reported about talks involving the sale of Sanghi Cement to Shree Cement on April 29 and sub-

sequently reported about JK group and Nirma's interest in the company on June 6.

According to recently available financial data for the year ended December 31, 2022, Ambuja-ACC combine posted consolidated sales of ₹30,000 crore. It is the second largest cement player in India after Aditya Birla Group-owned UltraTech. Ambuja-ACC are both debt free and have only obtained non-fund based facilities from banks such as bank guarantees and letters of credit, according to a recent report from credit rating agency Crisil.

In a note released on April 28, Crisil assigned a AAA rating to Ambuja Cement's bank facilities.

JK Lakshmi Cement, which is part of the business group helmed by industrialist Bharat Hari Singhania, also has ambitious plans in the cement sector. It is looking to ramp up its cement capacities to 30 mtpa and has sufficient limestone resources in Rajasthan through mining licences that can generate annual limestone output enough to meet the capacity expansion plans.

