

STRICTLY CONFIDENTIAL

January 23, 2015

The Board of Directors,
UltraTech Cement Limited
"B" Wing, 2nd floor,
Ahura Centre,
Mahakali Caves Road,
Andheri (East), Mumbai - 400 093

Gentlemen:

We refer to the engagement letter dated January 19, 2015 ("**Engagement Letter**") whereby UltraTech Cement Limited ("**Company**") has requested JM Financial Institutional Securities Limited ("**JM Financial**") to provide a fairness opinion to the Company on the valuation report dated January 23, 2015 ("**Valuation Report**") issued by M/s Bansi S. Mehta & Co. (the "**Valuer**") in accordance with the provisions of the SEBI Circulars (defined hereinafter) for the proposed scheme of arrangement under the provisions of Section 391 to Section 394 of the Companies Act, 1956 between M/s Jaiprakash Associates Limited ("**Jaiprakash**") and the Company and their respective shareholders and creditors ("**Scheme**").

Brief Background

The Company is a public limited company incorporated under the Companies Act, 1956 and is primarily engaged in the business of manufacture and sale of various grades and types of cement, ready mix concrete and other cement related products. The equity shares ("**Equity Shares**") of the Company are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). BSE and NSE are together hereinafter referred to as the "**Stock Exchanges**".

Jaiprakash is a public limited company incorporated under the Companies Act, 1956 and is engaged *interalia* in the business of manufacture and sale of cement and clinker. The equity shares of Jaiprakash are listed on the Stock Exchanges.

We understand that the Board of Directors of the Company is proposing to acquire as a slump transfer ("**Slump Transfer**"), the business and operations (including power plants) conducted by Jaiprakash at its units at Bela and Sidhi, in the state of Madhya Pradesh, India including the assets, financial indebtedness and net-working capital related to these two units, which shall be transferred as of a "**Closing Date**" (such date not being later than thirty (30) days from the later of (i) the date of the receipt of the last High Court Order; (ii) date of approval granted by the Securities and Exchange Board of India ("**SEBI**") in terms of the circular no. CIR/CFD/DIL/5/2013 dated February 14, 2013 and circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013 (together referred to as the "**SEBI Circulars**"); (iii) date of the grant of the approval by the Competition Commission of India under the Competition Act, 2002 and the regulations issued thereunder; and (iv) issue of a condition precedent satisfaction certificate by the Company confirming fulfillment or waiver of the conditions precedent under the implementation agreement entered into between the Company and Jaiprakash) as a going concern ("**Business**" / "**Undertaking**") under the Scheme.

The cement plant located at Bela, Madhya Pradesh has a cement production capacity of 2.6 mtpa with clinker capacity of 2.1 mtpa while the cement plant at Sidhi, Bhagwar Madhya Pradesh has a cement production capacity of 2.3 mtpa and a clinker capacity of 3.1 mtpa. Accordingly the aggregate cement

**JM Financial Institutional Securities Limited**

(Formerly known as JM Financial Institutional Securities Private Limited)

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Certified True Copy
For UltraTech Cement Limited

S. K. Chatterjee
Company Secretary

production capacity is 4.9 mtpa and aggregate clinker capacity of 5.2 mtpa of which we understand from the management 1.7 mtpa of clinker capacity is in the nature of surplus capacity.

We further understand that and as provided under the Scheme, Jaiprakash has undertaken to the Company that the financial indebtedness and the net-working capital related to these aforesaid units as of the Closing Date shall be INR 6,265.00 million and negative INR 1,605.00 million respectively (“**Financial Indebtedness**” and “**Net-Working Capital**” respectively).

In consideration of the Slump Transfer of the business and operations by Jaiprakash to the Company, the Company proposes to issue and allot to Jaiprakash

- (i) 100,000, ten per cent, five year, non-convertible cumulative redeemable preference shares having a face value of INR 10.00 each aggregating INR 1,000,000.00 (Rupees One million only) (“**RPS**”); and
- (ii) 90,758 unsecured non-convertible redeemable debentures having a face value of INR 500,000.00 each aggregating INR 45,379.00 million (Rupees Forty five billion three hundred and seventy nine million only) (“**NCD**”) with coupon based on the prevailing yield for a similar issuer and instrument of same tenor and rating arrived on the basis of quotes available from select banks taken on the day prior to the Closing Date.

The Company has appointed the Valuer to determine the fair value of the Business to be transferred under the Scheme after considering the fair value of the RPSs and NCDs, the Financial Indebtedness and Net-Working Capital. The Valuer after considering the market yield of listed preference shares in India has determined that the fair value of the RPSs is equal to its face value. Likewise the Valuer has determined the fair value of NCDs is equal to its face value as the coupon rate of the NCDs shall equal the prevailing yield at the Closing Date.

The Company in terms of the Engagement Letter has requested us to examine the Valuation Report issued by the Valuer and such other information provided by the Company and issue our independent opinion as to the fairness of the value of the RPSs and NCDs to be issued and allotted by the Company to Jaiprakash as well as the fairness of the value of the Business to be transferred to the Company under the Scheme (“**Fairness Opinion**”).

Source of Information

For the said examination and for arriving at the opinion set forth below, we have:

1. Perused the Valuation Report issued by the Valuer;
2. Considered the Financial Indebtedness and the Net-Working Capital as provided in the Scheme;
3. Reviewed certain business and financial information / undertakings relating to the Bela and Sidhi units that we deemed to be relevant and as provided by the management;
4. Perused the draft of the Scheme;
5. Discussed the operations and financial conditions of the Bela and Sidhi units with the representatives of the Company; and
6. Discussed with the management of the Company the replacement cost for the surplus clinker capacity of approximately 1.7 MTPA available at the plants



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Scope Limitations

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information including unit wise financial data and analyses that was provided or otherwise made available to us by the Company for the purposes of this opinion. We have not conducted any due diligence and express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. We have not reviewed any books and records of the Company other than those provided or made available to us. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties, facilities or assets of the Company and neither express any opinion with respect thereto nor accept any responsibility thereof. We have not made any independent valuation or appraisal of the assets or liabilities of the Company nor have we been furnished with any such appraisals. We have not reviewed any internal management information statements or any non public reports, and instead, with your consent, have relied upon information that was provided or otherwise made available to us by the Company for the purposes of this opinion. We are not experts in the evaluation of litigation or other actual or threatened claims. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of the Business to be transferred to the Company other than those disclosed in the information provided. We further do not provide any opinion on taxation, legal, actuarial or accounting matters related to the Scheme or otherwise and the Company and the shareholders shall not rely on this opinion for these matters.

We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the proposed transfer of Business to the Company, no changes will be imposed that will have a material adverse effect on the proposed transfer of the Business to the Company. We understand that the management of the Company, during our discussion with them has drawn our attention to all such information and matters which may have an impact on our analysis and opinion. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion.

In the ordinary course of business, **JM Financial Group** (JM Financial Group includes JM Financial and its affiliates) is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the JM Financial Group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

We express no opinion whatever and make no recommendation at all as to the Company's underlying decision to acquire the Business or provide any kind of recommendation to the equity shareholders of the Company as to how they should vote in the resolution of the shareholders under the Scheme. We also do not provide any recommendation to the creditors of the Company with respect to proposed Scheme for the acquisition of the Business by the Company. We also express no opinion and accordingly accept no responsibility for the impact of the proposed acquisition of the Business by the Company on the current or future value and / or price of the Equity Shares of the Company. It may also be noted that there are various methodologies of determining the value of the Business. We do not express any opinion on the sufficiency of the methodology applied / procedures employed by the Valuer in determining the value of the Business vis-à-vis such other alternate valuation methodologies.



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Conclusion

Based on our examination of the Valuation Report, such other information provided to us by the Company and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the value of the RPSs and NCDs to be issued and allotted by the Company to Jaiprakash as well as the value of the Business, considered for the purpose of the Slump Transfer to the Company under the Scheme is fair to the Company.

Distribution of the Fairness Opinion

The Fairness Opinion is addressed to the Board of Directors of the Company and is for the purpose of submission to the Stock Exchanges and such other applicable regulatory authorities under the SEBI Circulars. Further the Fairness Opinion may be submitted to the Stock Exchange / SEBI in terms of the SEBI Circulars and may be disclosed on the websites of the Company and the Stock Exchange. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without JM Financial's prior written consent. However, the Company may provide a copy of the Fairness Opinion if requested / called upon by any regulatory authorities of India subject to the Company promptly intimating JM Financial in writing receipt of such request from the regulatory authority. The Fairness Opinion should be read in totality and not in parts. Further this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then we will not be liable for any consequences thereof. Neither this Fairness Opinion nor its contents may be referred to or quoted to / by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.

Yours truly,

For JM Financial Institutional Securities Limited

Authorized Signatory

