

STRICTLY CONFIDENTIAL

July 4, 2016

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

Ladies and Gentlemen:

We refer to the engagement letter dated March 22, 2016 ("**Engagement Letter**") whereby Ultratech Cement Limited ("**Ultratech**" / "**Company**") has requested JM Financial Institutional Securities Limited ("**JM Financial**") to provide a fairness opinion to the Board of Directors of Ultratech ("**Fairness Opinion**") on the valuation report dated July 4, 2016 ("**Valuation Report**" / "**Report**") issued by M/s Bansi S. Mehta & Co. (the "**Valuer**") in accordance with the provisions of the Securities and Exchange Board of India ("**SEBI**") circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 ("**SEBI Circular**") for the proposed scheme of arrangement under the provisions of Section 391 to Section 394 of the Companies Act, 1956 between Jaiprakash Associates Limited ("**JAL**"), Jaypee Cement Corporation Limited ("**JCCL**") 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**".

JAL 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 JAL are listed on the Stock Exchanges.

JCCL is a wholly-owned subsidiary of JAL and is engaged *interalia* in the business of manufacture and sale of cement and clinker.

We understand that the Board of Directors of the Company is proposing to acquire on a slump exchange basis ("**Transfer**"), business and operations (including power plants) of certain cement plants of JAL based in Madhya Pradesh, Uttar Pradesh, Uttarakhand and Himachal Pradesh ("**Cement Business of JAL**") and of JCCL based in Andhra Pradesh ("**Cement Business of JCCL**"), India including the assets, financial indebtedness and net-working capital related to these two units, which shall be transferred as of a Closing Date (as defined in the Scheme) as a going concern ("**Cement Undertaking**") under the Scheme.

Profile of the Cement Business of JAL and Cement Business of JCCL proposed to be acquired

The list of the cement plants to be acquired along with their capacities and location are as follows:

JM Financial Institutional Securities Limited

(Formerly known as JM Financial Institutional Securities Private Limited)

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Sr. No.	Location	Type of Unit	Clinker Capacity (mtpa)	Cement Capacity (mtpa)
Cement Business of JAL				
Satna Cluster				
1	Dalla	Integrated	2.1	0.5
2	JP Super (under commissioning)	Clinker	2.3	-
3	Tanda	Grinding	-	1.0
4	Sikanderabad	Grinding	-	1.0
5	Bara (under commissioning) (in PPGCL ⁽¹⁾ , subsidiary of Jaiprakash Power Venture Limited which in turn is subsidiary of JAL)	Grinding	-	4.0
6	Bela	Integrated	2.1	2.6
7	Sidhi	Integrated	3.1	2.3
HP Cluster				
8	Baga	Integrated	3.3	1.7
9	Bagheri	Grinding	-	2.0
10	Roorkee	Grinding	-	1.1
Total			12.9	16.2
Cement Business of JCCL				
South Cluster				
11	Balaji	Integrated	3.3	5.0
Total			3.3	5.0
Total Capacity of JAL and JCCL			16.2	21.2

(1) PPGCL - Prayagraj Power Generation Company Limited

In consideration of the Transfer of the Cement Undertaking to the Company, the Company proposes to issue and allot the following

(i) To JAL

- a. 13,200, unsecured non-convertible redeemable debentures having a face value of INR 10,00,000 each aggregating INR 1,320 crore (Rupees One Thousand Three Hundred and Twenty Crore only) and other terms as specifically detailed out in the Scheme ("JAL NCD");
- b. **Series A RPS:** 1,00,000 unlisted non-convertible cumulative redeemable preference shares having a face value of INR 1,00,000 each aggregating INR 1,000 crore (Rupees One Thousand Crore only) with total dividend of INR 10,000 p.a. on the entire series and tenor as specifically detailed out in the Scheme
- c. **Series B RPS:** 50,000 unlisted non-convertible cumulative redeemable preference shares having a face value of INR 1,00,000 each aggregating INR 500 crore (Rupees Five Hundred Crore only) with total dividend of INR 5,000 p.a. on the entire series and tenor as specifically detailed out in the Scheme

Series A RPS and Series B RPS collectively known as JAL RPS



(ii) To JCCL

- a. 18,049, unsecured non-convertible redeemable debentures having a face value of INR 10,00,000 each aggregating INR 1,804.9 crore (Rupees One Thousand Eight Hundred Four Crore and Ninety Lakhs only) and other terms as specifically detailed out in the Scheme ("JCCL NCD"); and
- b. 10 (Ten), unlisted non-convertible cumulative redeemable preference shares having a face value of INR 1,00,000 each aggregating INR 10 lakh with dividend of 10% per annum, (Rupees Ten Lakh only) ("JCCL RPS")

The detailed terms of the above instruments are more specifically set out in the Scheme. The aggregate of JAL NCD, JAL RPS, JCCL NCD and JCCL RPS is known as Consideration. The Company has appointed the Valuer to determine the fair value of the Cement Undertaking to be transferred under the Scheme after considering the value of the Consideration.

The Company, in terms of the Engagement Letter has requested us to examine the Valuation Report issued by the Valuer and other related information provided by the Company and issue our independent opinion as to the fairness of the Consideration being paid for the Cement Undertaking from the perspective of the Company ("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. Reviewed certain business and financial information / undertakings relating to the Cement Business of JAL and Cement Business of JCCL as provided by the management of the Company; and
3. Discussed with the management of the Company the replacement cost for the Cement Business of JAL and Cement Business of JCCL.

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 Cement Business of JAL and/ or Cement Business of JCCL 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 Transfer or otherwise and the Company and the shareholders shall not rely on this opinion for these matters.



Based on the discussions we had with the management of the Company and the representations given by the management of the Company, we have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the proposed transfer of Cement Business of JAL and Cement Business of JCCL to the Company, no changes will be imposed that will have an adverse effect on the proposed transfer of the Cement Business of JAL and Cement Business of JCCL to the Company or the financial projections. 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 Cement Business of JAL and/ or Cement Business of JCCL 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 for the Transfer. We also do not provide any recommendation to the creditors of the Company with respect to proposed Transfer for the acquisition of the Cement Business of JAL and/ or Cement Business of JCCL by the Company. We also express no opinion and accordingly accept no responsibility for the impact of the proposed acquisition of the Cement Business of JAL and/ or Cement Business of JCCL 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 Cement Business of JAL and Cement Business of JCCL. We do not express any opinion on the sufficiency of the methodology applied / procedures employed by the Valuer in determining the value of the Cement Business of JAL and Cement Business of JCCL vis-à-vis such other alternate valuation methodologies.

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 based on the value of the Cement Undertaking, the value of the Consideration to be discharged by the Company under the Scheme is fair to the Company.

Distribution of the Fairness Opinion

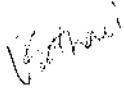
The Fairness Opinion is addressed only to the Board of Directors of the Company and is for the purpose of submission to the stock exchanges and such other applicable regulatory authorities under the SEBI Circular. Further the Fairness Opinion may be submitted to the stock exchanges / SEBI in terms of the SEBI Circular and may be disclosed on the website of the Company and the stock exchanges and also be made part of the explanatory statement to be circulated the shareholders and/or creditors of the Company. 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 about 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

