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November 15, 2014

Board of Directors

Jalprakash Power Ventures Limited

Juit Complex, Wagnaghat
P.O. Dumehar Bani, Kandaghat
Solan-173215
Himachal Pradesh

Dear Sirs,

Subject: Fairness Opinion on Valuation Report for the purpose of proposed transfer of business of Baspa Hydro Electric Project Stage-II ("Transferred Undertaking No. 1") and Karcham Wangtoo Hydro Electric Project ("Transferred Undertaking No. 2"), Transferred Undertaking No. 1 and Transferred Undertaking No. 2 collectively referred to as "Transferred Undertakings" of Jalprakash Power Ventures Limited ("Transferor Company" or "JPVL") to Himachal Baspa Power Company Limited ("Transferee Company"), the Transferor Company and the Transferee Company are collectively referred to as the "Companies" in terms of the proposed Scheme of Arrangement between the Companies and their Shareholders and Creditors.

We, M/s Sobhagya Capital Options Limited, a SEBI registered Merchant Banker, having registration no. MB/INM000008571 have been appointed by Jalprakash Power Ventures Limited having its registered office at JUIT Complex, Wagnaghat, P.O. Dumehar Bani, Kandaghat, Solan-173215, Himachal Pradesh to provide a fairness opinion on the valuation done by M/s Bansi S. Mehta & Co., Chartered Accountants, having their office at Merchant Chamber, 3rd Floor, 41 New Marine Lines, Mumbai- 400 020 (hereinafter referred to as the "Valuer"), who were the appointed Valuer for the carrying out a fair valuation of the Transferred Undertakings for the purpose of proposed transfer of the Transferred Undertakings of Jalprakash Power Ventures Limited to Himachal Baspa Power Company Limited under a proposed Scheme of Arrangement between the Companies and their Shareholders and Creditors under section 391-394 of the Companies Act, 1956 (hereinafter referred to as the "Scheme").

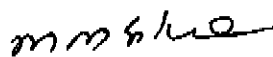
Scope and Purpose of the Opinion

Pursuant to requirement set forth under clause 24 of the Listing Agreement, a fairness opinion has to be obtained from an Independent merchant banker on the valuation of assets/shares done by the Valuer for the listed as well as unlisted companies.

The purpose of the opinion is to safeguard the interest of the shareholders of the Companies and this opinion shall be made available to the Board of Directors/Shareholders/Stakeholders of the Companies to facilitate their approval to the proposed Scheme of Arrangement and to any other relevant authority, as may be required.

CERTIFIED TRUE COPY
For JAIPRAKASH POWER VENTURES LTD.

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(M.M. SIBBAL)

Sr. General Manager & Company Secretary





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SOBHAGYA
CAPITAL OPTIONS LTD.

A SEBI Registered Merchant Banking Company

CIN: U74809DL1994PLC060089

THIS OPINION IS RESTRICTED TO MEET THE REQUIREMENT OF THE CLAUSE 24(H) OF THE LISTING AGREEMENT ONLY AND MAY NOT BE USED FOR ANY OTHER PURPOSE WHATSOEVER OR TO MEET THE REQUIREMENT OF ANY OTHER LAWS, RULES, REGULATIONS AND STATUTES.

Sources of the Information

We have received the following information from the management of JPVL for the purpose of our opinion:

1. Proposed Scheme of Arrangement under section 391-394 of the Companies Act, 1956 between Jalprakash Power Ventures Limited and Himachal Baspa Power Company Limited, and their respective Shareholders and Creditors.
2. Draft Valuation Report (along with supporting working papers) issued by M/s. Bansl S. Mehta & Co., Chartered Accountants.
3. Final Valuation Report dated November 14, 2014, issued by M/s. Bansl S. Mehta & Co., Chartered Accountants.

Approach followed by the Valuer for valuation

The business valuation of the Transferred Undertaking No. 1 and Transferred Undertaking No. 2 has been done by the Valuer, M/s. Bansl S. Mehta & Co., Chartered Accountants by using the Discounted Cash Flow (DCF) Method of valuation.

Fairness Opinion

Based on the foregoing, we, in the capacity of SEBI registered Merchant Bankers do hereby certify that in our opinion:

- a) the computation of the Enterprise Value of Rs. 8262 Crores (Rupees Eight Thousand Two Hundred and Sixty Two Crores) for the Karcham Project and of Rs. 1353 Crores (Rupees One Thousand Three Hundred and Fifty Two Crores Only) for Baspa Project; and
- b) the consideration for the Transferred Undertakings aggregating to Rs. 3750 crores (constituting of 1,25,00,00,000 Equity shares of face and paid up value Rs. 10 each and 25,00,00,000 13% Debentures of face and paid up value Rs. 100 each that are proposed to be allotted to JPVL for the proposed transfer) after giving due consideration to the existing debt of the Transferor Company which is attributable to the Transferred Undertakings;

as on the Valuation Date is fair and reasonable.

Disclaimer:

Our scope of work did not include the following:-

- An audit of the financial statements of JPVL.
- Carrying out a market survey / financial feasibility for the Business of JPVL.



- Financial and Legal due diligence of JPVL.

It may be noted that in carrying out our work we have relied on the integrity of the information provided to us for the purpose, and other than reviewing the consistency of such information, we have not sought to carry out an independent verification, thereof.

We assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the management of JPVL.

We have not carried out any independent verification of the accuracy and completeness of all information as stated above. We have not reviewed any other documents other than those stated above.


We understand that the management of JPVL during our discussions with them would have drawn our attention to all such information and matters, which may have impact on our opinion. In this opinion we have included all such information and matters as was received by us from management of JPVL.

This opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified as above, under any Indian or Foreign Law, Statute, Act, Guidelines or similar instructions. We would not be responsible for any litigation or other actual or threatened claims.

In no event, will SCOL, its Directors and employees be liable to any party for any indirect, incidental, consequential, special or exemplary damages (even if such party has been advised of the possibility of such damages) arising from any provision of this opinion.

Thanking You

For **Sobhagya Capital Options Limited**


(HEEMADRI MUKERJIA)

Senior Vice President

Place: New Delhi

