

Annexure - 4  
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**CENTURY**  
**Textiles and Industries**  
**Limited**

REGD. OFFICE : "CENTURY BHAVAN", DR. ANNIE BESANT ROAD, WORLI, MUMBAI-400 030. INDIA.  
TEL: +91-22-2495 7000 FAX: +91-22-2430 9491, +91-22-2436 1980  
E-Mail: centextho@centurytext.com Website: www.centurytextind.com  
CIN-L17120MH1897PLC000163

OUR REF :

**REPORT OF THE AUDIT COMMITTEE OF CENTURY TEXTILES AND INDUSTRIES LIMITED ("COMPANY") RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AMONGST THE COMPANY, ULTRATECH CEMENT LIMITED AND THEIR RESPECTIVE SHAREHOLDERS DATED 20.05.2018**

To

The Board of Directors  
Century Textiles and Industries Limited  
Century Bhavan  
Dr. Annie Besant Road  
Worli  
Mumbai - 400 030

**1. Background**

- 1.1. A meeting of the Audit Committee of the Company was held on 20<sup>th</sup> May, 2018 to consider and recommend the proposed Scheme of Arrangement amongst the Company, UltraTech Cement Limited and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("Scheme")
- 1.2. This report of the Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular number CFD/DIL3/CIR/2017/21 dated March 10, 2017 and as amended from time to time.
- 1.3. The following documents were placed before the Audit Committee:
  - (a) Draft Scheme, duly Initialed by the Company Secretary of the Company for the purpose of identification;
  - (b) Joint Valuation report dated 20<sup>th</sup> May, 2018 ("Valuation Report") prepared by Bansi S. Mehta & Co, independent Chartered Accountants, and Walker Chandiok & Co. LLP., independent Chartered Accountants, describing the methodology adopted by them in arriving at the share entitlement ratio; and
  - (c) Fairness opinion dated 20<sup>th</sup> May, 2018 ("Fairness Opinion") prepared JM Financial Limited, a Category-I independent Merchant Banker providing the Fairness Opinion on the share entitlement ratio as recommended by the Valuation Report.

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For CENTURY TEXTILES AND INDUSTRIES LTD.



B K BIRLA GROUP OF COMPANIES

Company Secretary

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**2. Proposed Scheme of Arrangement**

2.1. The Audit Committee noted the rationale and the benefits of the Scheme which, *inter-alia*, are as follows:

- (i) unlocking the value of the Cement Business for the shareholders of the Company; and
- (ii) assisting in the de-leveraging of its balance sheet including reduction of debt and outflow of interest as well as creation of value for its shareholders.

2.2. The salient features of the draft Scheme includes:

- (i) demerger of the Cement Business (*as defined in the Scheme*) of the Company into UltraTech Cement Limited; and
- (ii) post effectiveness of the Scheme, the equity shares of UltraTech Cement Limited issued to the eligible shareholders of Century Textiles and Industries Limited.

2.3. The Audit Committee reviewed the Valuation Report and noted the recommendations made therein. Further, the Fairness Opinion confirmed that the share exchange ratio in the Valuation Report is fair to the shareholders of the Company.

The share entitlement ratio recommended by the Valuation Report and confirmed by the Fairness Opinion is as follows:

For every eight fully paid equity share of INR 10/- each held in the Company; one fully paid equity share of INR 10/- each of UltraTech Cement Limited.

**3. Recommendation of the Audit Committee**

Taking into consideration the draft Scheme, Valuation Report, Fairness Report and other documents, as placed, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Audit Committee

For and on Behalf of **CENTURY TEXTILES AND INDUSTRIES LIMITED**

  
[Rajan A. Dola]

**Chairman**

**Audit Committee**

Place: Mumbai

Date: 20<sup>th</sup> May, 2018

