

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: ctil.ho@birlacentury.com Website: www.centurytextind.com
CIN-L17120MH1897PLC000163

OUR REF. :

FOR THE ATTENTION OF SHAREHOLDERS OF CENTURY TEXTILES AND INDUSTRIES LIMITED

The Hon'ble National Company Law Tribunal, Bench at Mumbai (NCLT) vide its Order dated 03rd July 2019 (the Order) has approved the Scheme of Demerger amongst Century Textiles and Industries Limited ("CTIL" or "the Company") and UltraTech Cement Limited ("UTCL" or "the Resulting Company") and their respective shareholders and creditors ("the Scheme").

In terms of para 14 of the Order, NCLT has fixed the appointed date as 20th May, 2018. The Board of Directors of CTIL and UTCL have declared the scheme to be effective from 1st October, 2019 and accordingly, the cement business ("cement undertaking") of CTIL has been demerged and stands transferred and vested in UTCL, on a going concern basis w.e.f. 20th May, 2018 being the appointed date.

Pursuant to the Order, UTCL has allotted 1 (one) fully paid up equity share of Rs.10/- (Rupees Ten) each of UTCL for every 8 (eight) fully paid up equity shares of Rs. 10/- (Rupees Ten) each held by shareholder of the Company, whose name is recorded in the register of members and records of the depository as members of CTIL, on the Record Date i.e. 14th October 2019.

This Communication is being issued for general guidance of the shareholders of CTIL in relation to the method of calculation and apportionment of the cost of acquisition of Company's shares between the shares of CTIL and UTCL as per the provisions of section 49(2C) and 49(2D) of the Income Tax Act, 1961. The same is based on an expert's opinion obtained by the Company.

As per section 49(2C), the cost of acquisition of shares in the resulting company (i.e. UTCL) is to be worked out as under:

Cost of acquisition of CTIL share x Net Book Value of asset of cement division of CTIL
Net-worth of CTIL before demerger

- The Net Book Value of the Assets transferred immediately before the demerger is Rs. (205.12) Crore;
- The net worth of CTIL immediately before demerger on 19th May, 2018 is Rs.2,466.24 Crore.

Contd...2/-



: 2 :

- The apportionment ratio contemplated u/s 49(2C) works out to be a negative figure [i.e. (205.12)/ 2466.24]. Consequently, the cost of acquisition of CTIL required to be apportioned over the new UTCL shares is Rs. Nil.

Correspondingly, as per the provisions of section 49(2D), the cost of acquisition of the CTIL shares post demerger will continue to be the same as the cost of acquisition prior to demerger. To summarise, the ratio of apportionment of cost of acquisition of the original CTIL shares over the original CTIL shares and the new UTCL shares in terms of section 49(2C) and section 49(2D) of the Act is as under:

| Name of the Company | Cost of Acquisition of Equity Shares |
|---------------------|--------------------------------------|
| CTIL | 100% |
| UTCL | 0.00% |
| Total | 100.00% |

The Company has been advised that as per clause (g) of Explanation 1 to section 2(42A) read with section 47(vii) of the Income Tax Act, 1961 the issue of shares by UTCL pursuant to the Scheme, to the equity shareholders of the Company in consideration of demerger of the cement business of the Company in terms of Part II of the Scheme will not be regarded as transfer and the period of holding of shares of CTIL will be deemed to be the period of holding of equity shares of UTCL too.

The communication is merely for the general guidance of the shareholders, and should not be considered as a substitute for any independent opinion that the shareholders may obtain. Determination of cost of acquisition is otherwise an involved exercise requiring application of section 55(2)(ac) r.w. section 112A of the Income Tax Act, 1961. Shareholders are advised to take necessary professional advice in the matter. The concerned regulatory, statutory or judicial authority, including any assessing officer / appropriate appellate authority, could take a different view. The Company takes no express or implied liability in relation to this guidance.



Atul K. Kedia
Company Secretary
Century Textiles and Industries Ltd.

Mumbai, 16th October, 2019