Bansi S. Mehta & Co.
Chartered Accountants
Merchant Chambers,
3rd Floor, 41 Marine Lines Road,
Mumbai 400 020

Walker Chandiok & Co LLP
Chartered Accountants
16th Floor, Tower II, India Bulls Finance Centre
S B Marg, Elphinstone (West)
Mumbai 400 013

Annexure - 3

119

Private and Confidential

May 20, 2018

To,
The Board of Directors
Century Textiles and Industries Limited,
Century Bhavan,
Dr. Annie Besant Road,
Worli,
Mumbai 400030.

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

Sub: Recommendation of Share Entitlement Ratio for the proposed demerger of Cement Business Division of Century Textiles and Industries Limited ("CTIL") into Ultratech Cement Limited ("UTCL")

Dear Sir / Madam,

We refer to our engagement letters whereby CTIL and UTCL (together referred to as "the Companies"/ "Clients"/ "you") have requested Bansi S. Mehta & Co. (hereinafter referred to as 'BSM') and Walker Chandiok & Co LLP (hereinafter referred to as 'WCC'), respectively, for recommendation of the Share Entitlement Ratio for the proposed demerger of Cement Business Division ("Cement Undertaking") of CTIL into UTCL.

BSM and WCC have been hereafter referred to as 'Valuers' or 'we' or 'us' and individually referred to as 'Valuer' in this joint Share Entitlement Ratio Report ('Share Entitlement Ratio Report' or 'Report').

SCOPE AND PURPOSE OF THIS REPORT

Century Textiles Industries limited is a public company incorporated under the Act No.VI of 1882 of the Legislative Council of India and now deemed to be incorporated under the Companies Act, 2013, having its registered office at Century Bhavan, Dr.Annie Besant Road, Worli, Mumbai 400030. CTIL is a diversified conglomerate engaged in, inter alia, the following businesses:

a) production and sale of cotton fabrics ("Textile Business");
b) production of all types of paper products like writing and printing paper ("Pulp and Paper Business");
c) business of manufacture, production, sale and distribution of cement ("Cement Business") and
d) dealing in commercial and residential property ("Real Estate Business")

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For CENTURY TEXTILES AND INDUSTRIES LTD.

Company Secretary

Ultratech Cement Limited is a public company incorporated under the provisions of the Companies Act, 1956, having its registered office at "B" Wing, 2nd floor, Ahura Centre Mahakali Caves Road, Andheri (East), Mumbai 400 093. UTCL is engaged in the business of manufacture and sale of various grades and types of cement, ready mix concrete and other cement related products.

We understand that the managements of CTIL and UTCL (collectively hereinafter referred to as 'Management') are contemplating a demerger of Cement Undertaking of CTIL into UTCL through a Scheme of Arrangement ('Scheme') to be implemented under the provisions of section 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013. This is referred to as the 'Proposed Transaction'.

As a consideration for the Proposed Transaction, equity shareholders of CTIL would be issued equity shares of UTCL. Share Entitlement Ratio for this Report refers to the number of equity shares of face value of INR 10/- each of UTCL, which would be issued to shareholders of CTIL.

For the aforesaid purpose, the Companies have appointed BSM and WCC to submit a joint report recommending the Share Entitlement Ratio to be placed before the Audit Committees' and Boards of Directors of the Companies.

The scope of our services is to conduct a relative (and not absolute) valuation of the equity shares of UTCL and the value per share attributable to the Cement Undertaking of CTIL and recommending a Share Entitlement Ratio in accordance with generally accepted professional standards.

We have been appointed severally and not jointly and have worked independently in our analysis. We have received information and clarifications from the Companies. For recommending Share Entitlement Ratio, we have independently arrived at different values of the Companies. However, to arrive at the consensus on the Share Entitlement Ratio for the Proposed Transaction, appropriate averaging and rounding off in the values arrived at have been done.

The historical financial information for the Companies up to March 31, 2018 were sourced from either available public domain or from the management of Companies. We have considered the same in our analysis and made adjustments for further facts made known (past or future) to us till the date of our Report. Our analysis does not factor impact of any event which is unusual or not in the normal course of business. We have relied on the above while arriving at the Share Entitlement Ratio.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, and in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management and/or gathered from public domain:

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1. Financial statements of Cement Undertaking of CTIL for the year ended March 31, 2018, March 31, 2017 and March 31, 2016.
2. Audited financial results of UTCL for the year ended 31st March 2018
3. Annual reports of the CTIL for the period 31st March 2014 to 31st March 2017.
4. Analyst Reports for CTIL and UTCL.
5. Details of the Net Debt of Cement Undertaking of CTIL proposed to be transferred pursuant to the demerger
6. Vesting Details of Employee Stock options as at the date of the Report for UTCL.
7. Explanations provided by the Managements of the Companies from time to time.
8. Draft Scheme of Arrangement

The Companies have been provided with the opportunity to review the draft report (excluding the recommended Share Entitlement Ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.

APPROACH TO VALUATION ENGAGEMENT AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Discussions with the Management to:
  - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Analysis of information shared by the Management
- Analysis of information related to the companies and its peers as available in public domain
- Selection of appropriate internationally accepted valuation methodology/(ies) after deliberations
- Arriving at Share Entitlement Ratio for the Proposed Transaction

Management of UTCL and CTIL have informed us that they have appointed Axis Capital Limited and JM Financial Limited, respectively, to provide fairness opinion on the recommended Share Entitlement Ratio for the purpose of the aforementioned Proposed Amalgamation.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The recommendation contained herein is not intended to represent value at any time other than valuation date of 20 May 2018 ('Valuation Date').

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date and (iii) are based on the data detailed in section - Sources of Information

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An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of the Valuation Date. Events and transactions occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report, unless required by regulatory authorities.

The recommendation rendered in this Report only represent our recommendation based upon information till date furnished by the Companies (or its executives / representatives) and obtained from other sources and the said recommendation shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this report.

The determination of Share Entitlement Ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed Share Entitlement Ratio. While we have provided our recommendation of the Share Entitlement Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the Share Entitlement Ratio at which the Proposed Transaction shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including information detailed in section – Sources of Information. In accordance with the terms of our engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Companies. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the Companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Management of the Companies that they have not omitted any relevant and material factors about the Companies. Our conclusions are based on the assumptions and information given by and on behalf of the Companies and reliance on public information. The Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results.

Accordingly, we assume no responsibility for any errors in the information furnished by the Companies or obtained from public domain and their impact on the Report. However, nothing has come to our attention to indicate that the information provided / obtained was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report.

The Management has represented that the business activities have been carried out in the normal and ordinary course between 31 March 2018 and the Report date in case of Cement Business of CTIL and

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UTCL and that no material adverse change has occurred in their respective operations and financial position between the respective aforementioned date and the Report date.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Companies. Our conclusion of value assumes that the assets and liabilities of the Companies and their subsidiaries, reflected in their respective latest balance sheets remain intact as of the Report date.

This Report does not look into the business/ commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alterative business transaction or other alternatives or whether or not such alternatives could be achieved or are available.

No investigation / inspection of the Companies' claim to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

The fee for the engagement is not contingent upon the results reported.

We owe responsibility to only the Boards of Directors of the Companies that have appointed us under the terms of our engagement letters and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion on the Share Entitlement Ratio. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

The Report should be used in connection with the Scheme.

Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties other than in connection with the proposed Scheme of Arrangement, without our prior written consent except for disclosures to be made to relevant regulatory authorities including stock Entitlements and SEBI.

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This Report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of the Transaction and we express no opinion or recommendation as to how the shareholders of either Company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transaction.

SHAREHOLDING PATTERN OF COMPANIES

CTIL

The issued and subscribed equity share capital of CTIL as on the date of the Report is INR 1,116.9 million consisting of 111,695,680 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Sr. No.	Shareholder	Percentage
1.	Promoter Group	50.21%
2.	Non-promoter Group*	49.79%
	Total	**100.00%**

**Non promoter includes Institutions*

Further, no ESOPs are outstanding as on the current date.

UTCL

The issued and subscribed equity share capital of UTCL as on the date of the Report is INR 2,746.2 million consisting of 27,46,17,786 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Sr. No.	Shareholder	Percentage
1.	Promoter Group	61.98%
2.	Non-promoter Group*	38.02%
	Total	**100.00%**

**Non promoter includes Institutions*

Further, 140,698 ESOPs are outstanding as on the current date. The diluted number of equity shares, as on the date of this Report, after considering the exercise of all the outstanding employee stock options would be 274,758,484 equity shares.

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APPROACH & METHODOLOGY

The Scheme contemplates the demerger of the Cement Undertaking of CTIL into UTCL. Arriving at the Share Entitlement Ratio for the Proposed Transaction would require determining value of Cement Undertaking of CTIL in terms of their relative value of the equity shares of UTCL. These values are to be determined independently but on a relative basis, and without considering the Proposed Transaction.

There are several commonly used and accepted methods for determining the share Entitlement ratio for the proposed demerger of Cement Undertaking into UTCL, which have been considered in the present case, to the extent relevant and applicable, including:

1. Market Approach:
    a. Market Price method
    b. Comparable Companies Multiples
    c. Comparable Transaction Multiple Method
2. Income Approach : Discounted Cash Flows Method
3. Cost Approach : Net Asset Value Method

As discussed below for the Proposed Transaction we have considered these methods, to the extent relevant and applicable by each Valuer independently.

This valuation could fluctuate with lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.

We have relied on the judgment of the Managements as regards contingent and other liabilities.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature, regulatory guideline and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The valuation methodologies as may be applicable which have been used to arrive at the value attributable to the equity shareholders of UTCL and for the Cement Undertaking of CTIL are discussed hereunder:

Market Price (MP) Method

The market price of an equity share as quoted on a stock Entitlement is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

In the present case, equity shares of UTCL are listed on BSE and NSE. The share price observed on NSE for an appropriate period prior to the Valuation Date has been considered for determining the value of UTCL under the market price methodology as the traded turnover of shares of UTCL on NSE is higher than that on BSE.

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The equity shares of CTIL are listed on recognised stock exchanges in India. However, the same reflects the combined values of all the Businessses/Divisions of CTIL taken together and therefore, not reflective of the isolated value of the Cement Undertaking. Therefore, the Market Value Approach cannot be used to determine the value of the Cement Undertaking of CTIL.

Comparable Companies Market Multiple ("CCM") Method

Under this method, value of the equity shares of a company/ business undertaking is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. It may be noted herein that it is a well established industry practice to value cement companies using the benchmark industry multiples based on capacities of comparable companies in the indsutry.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

To arrive at the value available to the equity shareholders of the Companies, value arrived above under this method is adjusted for cash and cash equivalents, investments, debt, ESOPs and other matters as considered appropriate.

We have used this method for valuation of both UTCL as well as Cement Undertaking of CTIL.

Comparable Companies Transaction Multiple ("CTM") Method

Under CTM method, value of the equity shares of a company/ business undertaking is arrived at by using the prices implied by reported transactions/ deals of comparable companies.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

To arrive at the value available to the equity shareholders of the Companies, value arrived above under this method is adjusted for cash and cash equivalents, investments, debt, ESOPs and other matters as considered appropriate.

We have used this method for valuation of Cement Undertaking of CTIL, however, in the absence of comparable transactions for UTCL, we were unable to determine its value under this method.

Discounted Cash Flows (DCF) Method

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

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Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

In the present case, we have not been provided with financial projections by the management of the Companies. Given this limitation, DCF has not been used as a methodology to arrive at the Share Exchange Ratio.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A scheme of arrangement would normally be proceeded with, on the assumption that the businesses continue going concerns and an actual realization of the operating assets is not contemplated. In a going concern scenario, the relative earning power is of importance to the basis of demerger, with the values arrived at on the net asset basis being of limited relevance.

Basis of Share Entitlement Ratio

The basis of the Proposed Transaction would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending a fair Share Entitlement Ratio of equity shares it is necessary to arrive at a single value for each of the business / subject companies' shares. It is however important to note that in doing so we are not attempting to arrive at the absolute equity values of the business / Companies and / or their associates, joint ventures and subsidiaries but at their relative values to facilitate the determination of a fair Share Entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

The Share Entitlement Ratio has been arrived at on the basis of a relative equity valuation of the Cement Undertaking and UTCL. The Share Entitlement Ratio is based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the companies, having regard to information base, key underlying assumptions and limitations.

As considered appropriate, we have independently applied methodologies discussed above and arrived at assessment of value of the Cement Undertaking and UTCL.

The equity value for the Cement Undertaking and UTCL is arrived at by assigning appropriate weightage to the values derived under the approaches discussed above, to the extent considered relevant. To arrive at the consensus on the Share Entitlement Ratio suitable averaging and rounding off in the values have been done.

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Conclusion

Based on the forgoing, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend following Share Entitlement Ratio for Demerger of Cement Undertaking of CTIL into UTCL

1 (one) equity shares of UTCL of INR 10 each fully paid up for every 8 (eight) equity shares of CTIL of INR 10 each fully paid up.

Respectfully submitted,

Bansi S Mehta & Co.

Bansi S. Mehta & Co

Chartered Accountants

Firm Registration No: 100991W

Date: May 20, 2018

Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No: - 001076N/ N500013

Date: May 20, 2018

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Annexure A: Fair Entitlement Ratio recommended by Bansi S. Mehta & Co.

Valuation Approach	Cement Undertaking		UTCL	
	Value per Share in Rs.	Weight	Value per Share in Rs.	Weight
Cost Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach:				
Market Price Method	NA	NA	4,038	33%
Comparable Companies Multiple Method – based on Earnings	368	*50%*	3,763	33%
Based on Capacity		*50%*		33%
-based on comparable companies	641	*25%*	4,369	*33%*
-based on Comparable Transaction	649	*25%*	NA	*NA*
Relative Value per Share	**506**		**4,057**	

NA= Not Applicable/Adopted

1. The Cost approach is not adopted in the current case as the plants of the Cement Undertaking are old and the cost may not reflect its true value. In case of UTCL, the cost approach shall not capture the brand value attributed to the business.
2. Income Approach involves determining the value based on the present value of the future cash flows of the business. In the current case, we have not been provided with the projected financial statements of the Cement Undertaking as well as UTCL. Therefore, we have not applied the Income Approach
3. Market Price Method is not relevant in case of Cement undertaking as there is price discovery for equity shares of CTIL and not only the Cement Undertaking per se,
4. CTM Method is used for valuation of Cement Undertaking however, in the absence of comparable transactions for UTCL, we have not used this method to determine the value of UTCL.

Entitlement Ratio –

1 (one) equity shares of UTCL of INR 10 each fully paid up for every 8 (eight) equity shares of CTIL of INR 10 each fully paid up.

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Annexure B: Fair Entitlement Ratio recommended by Walker Chandiok & Co.

Valuation Approach	Cement Undertaking		UTCL	
	Value per Share in Rs.	**Weight**	**Value per Share in Rs.**	**Weight**
Cost Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach:				
Market Price Method	NA	NA	4,036	33%
Comparable Companies Multiple Method – based on Earnings	302	*33%*	3,718	25%
Based on Capacity				
-based on comparable companies	504	*33%*	4,158	*25%*
-based on Comparable Transaction	687	*33%*	NA	*NA*
Relative Value per Share	**498**		**3,987**	

NA= Not Applicable/Adopted

1. The Cost Approach is generally used in case where the entity does not meet the "going concern" criteria as it does not capture the intrinsic worth of the entities. UTCL and the Cement Undertaking, both being operating entities, we have not adopted the Cost Approach.
2. Income Approach involves determining the value based on the present value of the future cash flows of the business. In the current case, we have not been provided with the projected financial statements of the Cement Undertaking as well as UTCL. Therefore, we have not considered this Approach.
3. Market Price Method is not applied in case of Cement Undertaking as it is the division of the the listed company and representative traded prices are not available. In case of UTCL, its equity shares are listed on the stock exchanges and are frequently traded, therefore we have considered the Market Price method for UTCL.
4. CTM Method is used for valuation of Cement Undertaking however, in the absence of comparable transactions for UTCL, we have not used this method to determine the value of UTCL.

Entitlement Ratio –

1 (one) equity shares of UTCL of INR 10 each fully paid up for every 8 (eight) equity shares of CTIL of INR 10 each fully paid up.

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