



KL/SEC/2022-23/71

Date: 14th September, 2022

To,
The Manager- Listing
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai-400 051

To,
The Manager- Listing
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001

NSE Symbol: KAMDHENU

BSE Scrip Code: 532741

Subject: Apportionment of Cost of Acquisition of Equity shares of Kamdhenu Limited and Kamdhenu Ventures Limited pursuant to the Scheme of Arrangement.

Dear Sir/Ma'am,

With reference to the cited subject, please find enclosed herewith, the communication being issued for guidance of the Equity Shareholders of the Company for apportionment of the Cost of Acquisition of Equity Shares of Kamdhenu Limited, between the Kamdhenu Limited and the Kamdhenu Ventures Limited, pursuant to the Scheme of Arrangement in relation to the demerger of the Paint Business of the Kamdhenu Limited, as approved by Hon'ble National Company Law Tribunal vide its order dated 3rd June, 2022.

We request you to kindly take the same on records.

Thanking you,
Yours faithfully,

For Kamdhenu Limited

**Khem Chand,
Company Secretary & Compliance Officer**

Encl.: as above.



FOR THE ATTENTION OF SHAREHOLDERS OF KAMDHENU LIMITED

The Hon'ble National Company Law Tribunal, Chandigarh Bench vide its order dated 3rd June, 2022, has approved the Scheme of Arrangement of Kamdhenu Concast Limited, Kamdhenu Overseas Limited, Kamdhenu Paint Industries Limited, Kamdhenu Infradevelopers Limited, Kamdhenu Nutrients Private Limited, Kay2 Steel Limited, Tiptop Promoters Private Limited (the Transferor Companies No. 1 to 7, respectively) Kamdhenu Limited ("the Transferee Company or the Demerged Company") Kamdhenu Ventures Limited (the Resulting Company No. 1) and Kamdhenu Colour and Coatings Limited (the Resulting Company No. 2) (the Scheme of Arrangement) under Section 230 & 232 and applicable provisions of Companies Act, 2013.

Pursuant to the Order, the Paint Division (Demerged Business) of Kamdhenu Limited have been demerged and transferred to the Kamdhenu Colour and Coatings Limited, a wholly owned subsidiary of Kamdhenu Ventures Limited w.e.f 1st April, 2022.

On 9th September, 2022, Kamdhenu Ventures Limited has allotted 1 (one) equity share of Rs. 5 (Rupees Five) each for every 1 (one) Equity share of Rs. 10 (Rupees Ten) each held by eligible shareholders of Kamdhenu Limited as on record date fixed for the purpose i.e 7th September, 2022.

Pursuant to Section 49(2C) and Section 49(2D) of the Income Tax Act, 1961, the cost of acquisition of shares of the Resulting Company shall be based on the ratio of "net book value" of the assets of the Demerged Business to the "net worth" of the Demerged Company, immediately before the demerger. The Cost of acquisition of the original shares held by shareholder in the Demerged Company shall be proportionately reduced by the said percentage.

For the purpose of determining the post demerger cost of acquisition of Equity Shares of Demerged Company and the Resulting Company No. 1, under the scheme, you are advised to apportion your pre-demerger cost of acquisition of Demerged Company shares in the following manner:

Name of the Company	% Cost of Acquisition
Kamdhenu Limited	56.10
Kamdhenu Ventures Limited	43.90

Pursuant to the provisions of Section 47(vii) of the Income Tax Act, 1961, the issue of equity shares by Kamdhenu Ventures Limited to the shareholders of the Kamdhenu Limited pursuant to the demerger will not be regarded as transfer in the hands of shareholders of Kamdhenu Limited.

Please note that this communication pertaining to cost of acquisition is merely for the general guidance of the shareholders and should not be considered as a substitute for any Independent opinion that the shareholder may obtain. 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.

For Kamdhenu Limited


Harish Kumar Agarwal
Chief Financial Officer


Khem Chand
Company Secretary & Compliance Officer





To,
The Board of Directors
Kamdhenu Limited
2nd Floor, Tower A,
Building No. 9, DLF Cyber City,
Phase – III, Gurgaon – 122002,
Haryana

To,
The Board of Directors,
Kamdhenu Ventures Limited
2nd Floor, Tower A,
Building No. 9, DLF Cyber City,
Phase – III, Gurgaon – 122002,
Haryana

Sub: Certification u/s 49(2C) and 49(2D) of the Income-tax Act, 1961 ('the Act') for Apportionment of Cost of Acquisition of Equity Shares of Kamdhenu Limited ('Transferee Company or Demerged Company') and Equity Shares of Kamdhenu Ventures Limited (Resulting Company No. 1) pursuant to the Scheme of Arrangement ('Scheme')

1. BACKGROUND

- 1.1. Kamdhenu Limited ('KL') and Kamdhenu Ventures Limited ('KVL') are public companies governed under the provisions of Companies Act, 2013, having their registered office in Gurgaon, Haryana.
- 1.2. We understand that the Hon'ble National Company Law Tribunal, Chandigarh Bench has, vide its order dated 3rd June, 2022 approved the Scheme of Arrangement of Kamdhenu Concast Limited, Kamdhenu Overseas Limited, Kamdhenu Paint Industries Limited, Kamdhenu Infradevelopers Limited, Kamdhenu Nutrients Private Limited, Kay2 Steel Limited, Tiptop Promoters Private Limited (the Transferor Companies No. 1 to 7, respectively) Kamdhenu Limited ("the Transferee Company") Kamdhenu Ventures Limited (the Resulting Company No. 1) and Kamdhenu Colour and Coatings Limited (the Resulting Company No. 2) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. In terms of the Scheme, the paint business of Kamdhenu Limited shall be demerged and stand transferred and vested to Kamdhenu Colour and Coatings Limited, on a going concern basis.
- 1.3. As a consideration for the transfer and vesting of Demerged Undertaking from Kamdhenu Limited to Kamdhenu Colour and Coatings Limited, a wholly owned subsidiary of Kamdhenu Ventures Limited, it is proposed that Kamdhenu Ventures Limited shall allot 1 (One) equity share of INR 5/- (Rupees Five Only) for every 1 (One) equity share of INR. 10/- (Rupee Ten Only) each held by shareholders of the Kamdhenu Limited as on record date fixed for this purpose.



1.4. In this regard, we, PRASS & Associates LLP, Chartered Accountants, have been requested by Kamdhenu Limited and Kamdhenu Ventures Limited (hereinafter collectively referred to as 'the Client' or 'you') to certify u/s 49(2C) and 49(2D) of the Income-tax Act, 1961 ('the Act') the Apportionment of Cost of Acquisition of Equity Shares of Kamdhenu Limited and Equity Shares of Kamdhenu Ventures Limited pursuant to the Scheme.

1.5. Accordingly, we provide our certification in relation to apportionment of cost of acquisition of shares u/s 49(2C) and 49(2D) of the Act as under.

2. SOURCES OF INFORMATION

2.1 For the purpose of the certification, we have relied on the following sources of information:

- Audited financial statements of Kamdhenu Limited for the period ending 31st March 2022;
- Management certified divisional financial statements of Kamdhenu Limited for the period ending 31st March, 2022;
- Such other information and explanations as required and which have been provided from time to time by the Management and authorized representatives.

3. OUR APPROACH

3.1 Section 49(2C) and Section 49(2D) of the Act provides the mechanism to apportion the original cost of acquisition of shares of the Demerged Company between the shares of the De-merged Company and the shares in the Resulting Company, received pursuant to Demerger. It, *inter alia*, provides that the cost of acquisition of shares of the Resulting Company shall be based on the ratio of "net book value" of the assets of the Demerged Undertaking to the "net worth" of Demerged Company, immediately before the Demerger. The cost of acquisition of the original shares held by the shareholder in the demerged company shall be proportionately reduced by the said percentage.

3.2 Section 49(2C) and Section 49(2D) of the Act read as under:

"

{2C} *The cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger.*

{2D} *The cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount as so arrived at under sub-section (2C).*

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Explanation. -For the purposes of this section, "net worth" shall mean the aggregate of the paid up share capital and general reserves as appearing in the books of account of the demerged company immediately before the demerger.

3.3 Based on the management certified divisional financial statements of Kamdhenu Limited as on 31st March, 2022 the apportionment of Cost of Acquisition of Equity Shares of Kamdhenu Limited and Equity Shares of Kamdhenu Venture Limited pursuant to the Scheme of Arrangement is worked out as under:

A. Towards Equity Shares of Kamdhenu Ventures Limited

Particulars	Amount in INR Lakhs (except stated otherwise)
Net Assets of Demerged Undertaking as on Appointed Date (i.e 1 st April, 2022) (A)	9576.05
Net Worth of Kamdhenu Limited immediately before demerger (i.e. 31 st March'2022)(B)	21813.55
Cost of Acquisition of equity shares of Demerger undertaking	43.90%

Note:

The explanation to Section 49(2C) of the Act defines the term "networth" to mean the aggregate of the paid-up share capital and general reserves as appearing in the books of the demerged company, immediately before the demerger.

B. Towards Equity Shares of Kamdhenu Limited

The cost of acquisition of the original shares held by the shareholder in Kamdhenu Limited shall be reduced by 43.90 % and accordingly, be 56.10 % of the original cost of acquisition.

C. Based on above, the apportionment of Cost of Acquisition between Equity Shares of Kamdhenu Limited and Equity Shares of Kamdhenu Ventures Limited is summarized as under:

Name of the Company	% of original cost of acquisition
Kamdhenu Limited	56.10
Kamdhenu Ventures Limited	43.90

4. EXCLUSIONS AND SCOPE LIMITATIONS


4.1 Our certificate is subject to the scope limitations detailed hereinafter. As such, the certificate is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.



- 4.2 This certificate is prepared only for the limited purpose of certification u/s 49(2C) and 49(2D) of the Income-tax Act, 1961 of the Cost of Acquisition of Equity Shares of Kamdhenu Limited and Equity Shares of Kamdhenu Ventures Limited pursuant to the Scheme.
- 4.3 We have relied on the management certified divisional financials as on 31st March, 2022 and accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this certificate.
- 4.4 Our work does not constitute certification of the historical financial statements including the working results of Kamdhenu Limited and Kamdhenu Ventures Limited referred to in this certificate. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this certificate. The certification as mentioned above is for a specific purpose and it may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 4.5 Our certificate is not, nor should it be construed as our opinion or certifying the compliance of the proposed issue with the provisions of any law including companies, taxation and related laws or as regards any legal implications or issues arising from such proposed issue of shares.

For PRASS & Associates LLP
Chartered Accountants

FRN: 0107816W/W100222


Tarun Jain,
Partner

Membership No: 530266



UDIN: 22520266ARELXR4682

Date: 06.09.2022

Place: New Delhi