

FOR THE ATTENTION OF THE SHAREHOLDERS OF DHAMPUR SUGAR MILLS LIMITED

Subject: Apportionment of Cost of Acquisition of Equity Shares of Dhampur Sugar Mills Limited and Dhampur Bio Organics Limited pursuant to the Scheme of Arrangement in relation to Demerger of Demerged Undertaking from Dhampur Sugar Mills Limited to Dhampur Bio Organics Limited

1. We are pleased to inform that the Scheme of Arrangement amongst Dhampur Sugar Mills Limited (“Demerged Company”) and Dhampur Bio Organics Limited (“Resulting Company”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the “Scheme”) involving demerger of Demerged Undertaking from Demerged Company to the Resulting Company has been sanctioned by the Allahabad Bench of the Hon’ble National Company Law Tribunal (NCLT) vide its order dated 27th April, 2022 passed in Company Petition No. 03/ALD/2022 connected with Company Application No. 25/ALD/2021 (“Order”).
2. Pursuant to the provisions of the Scheme, the Resulting Company shall, without any further act or deed, issue and allot 6,63,87,590 (Six Crore Sixty Three Lakh Eighty Seven Thousand Five Hundred Ninety) Equity Shares of Rs. 10 (Rupees Ten) each to the shareholders of the Demerged Company, whose name is recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date, in the ratio of (1) one equity share of Rs. 10 (Rupees Ten) each of Resulting Company credited as fully paid up for every equity share of Rs. 10 (Rupees Ten) each held by such shareholder in the Demerged Company (“New Equity Shares”) such that the shareholding in the Resulting Company on such issuance of shares is the mirror image of the shareholding in the Demerged Company.
3. The above mentioned demerger as envisaged under Part II of the Scheme satisfies all conditions under Section 2(19AA) of the Income-tax Act, 1961 (“IT Act”) and hence, the demerger is tax neutral in the hands of shareholders of Dhampur Sugar Mills Limited under the IT Act in view of the exemption granted under Section 47(vii) of the IT Act.
4. Accordingly, for the purposes of the IT Act, the shareholders of Resulting Company who hold the shares of Dhampur Sugar Mills Limited as ‘Capital Asset’:
 - (a) the date of acquisition of the Equity Shares received by the shareholders of Dhampur Bio Organics Limited will be the date of acquisition of the original shares of Dhampur Sugar Mills Limited as per Clause (g) of Explanation 1 to Section 2(42A) of the IT Act ;
 - (b) the cost of acquisition of the Equity Shares in the Resulting Company, as per Section 49(2C) of the IT Act, shall be the amount which bears to the cost of acquisition of shares of Dhampur Sugar Mills Limited, the same proportion as the net book value of the assets transferred in the demerger bears to the net worth of the Demerged Company immediately before the demerger;

- (c) the cost of acquisition of the original shares of Dhampur Sugar Mills Limited held by a shareholder, as per Section 49(2D) of the IT Act, shall be deemed to have been reduced by the cost of acquisition of shares of the Resulting Company as referred to in sub-paragraph (b) above.

5. The proportion referred to in paragraph 4(b) for the purposes of the IT Act, is as under:

Name of Company	Proportion of Cost of Acquisition of equity shares of Dhampur Sugar Mills Limited post demerger between
Dhampur Sugar Mills Limited	50%
Dhampur Bio Organics Limited	50%
Total	100%

This communication related with computation of cost of acquisition is meant only for the purposes of providing general guidance to the shareholders of Dhampur Sugar Mills Limited and hence, this should not be considered as a substitute for any independent opinion that the shareholder may obtain. Determination of cost of acquisition is otherwise an involved exercise requiring application of section 55(2)(ac) read with section 112A of the IT Act. Further, no assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Shareholders are advised to consult their own consultants to understand specific tax implications, in their respective cases. Dhampur Sugar Mills Limited takes no express or implied liability in relation to this guidance.

For more information, please contact – investordesk@dhampursugar.com or visit: www.dhampursugar.com

For Dhampur Sugar Mills Limited

Sd/-

Aparna Goel
Company Secretary
M.No. 22787
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