



# Kkalpana Industries (India) Limited

Date: 27.05.2022

To  
The Shareholder  
**Kkalpana Industries (India) Limited**  
2B, Pretoria Street,  
Kolkata – 700071

Sub: Computation of Cost of Acquisition in accordance with Income Tax Act, 1961

Sir/ Madam,

The Scheme of Arrangement between Kkalpana Industries (India) Limited ("KIIL" or "Demerged Company") and Ddev Plastiks Industries Limited ("DPIL" or "Resulting Company") and their respective shareholders and creditors under section 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013 ("Scheme") was approved by Hon'ble National Company Law Tribunal, Kolkata Bench, vide Order dated 04.03.2022 ("NCLT Order"). The Scheme envisages the transfer and vesting of Compounding Business Undertaking from KIIL to DPIL. In terms of the Scheme, the assets and liabilities of compounding business of KIIL have been transferred to DPIL at value appearing in the books of accounts of KIIL at the close of business hours of 01<sup>st</sup> April, 2021, being the appointed date. The book value of the Net Assets transferred by KIIL to DPIL was Rs. 337.47 Crores and the book value of the Net Assets that remained was Rs. 30.24 Crores. Accordingly, against your shares held in KIIL as on the record date i.e. 08.04.2022, the equity shares of DPIL were allotted as under:

One Equity share of Face Value of Rs. 1/- each of DPIL credited for every equity share of Face Value of Rs. 2/- each of KIIL. In effect, a member holding 100 shares of KIIL as on record date i.e. 08.04.2022 would receive 100 shares of DPIL.

In this regard, please note the following:

1. In accordance to the provisions of Section 47(vi)(d) of the Act, the issue of shares of DPIL, pursuant to the Scheme, to the equity shares of KIIL, in consideration of demerger of the compounding business undertaking of KIIL, will not be regarded as 'Transfer'.
2. In respect to the shares of DPIL, the date of acquisition for the purpose of capital gains in case of a shareholder will be the date of acquisition of the original shares of KIIL for each shareholder as per Clause (g) in explanation 1 to section 2(42A) of the Act.
3. With regard to cost of acquisition of shares in DPIL, section 49(2C) of the Act provides the formula for splitting the original cost of acquisition of shares KIIL between itself and the shares of DPIL. Extract of the provisions of Section 49(2C) is reproduced below for your reference:

"The cost of acquisition of shares in the resulting company shall be the amount which bears to the cost of acquisition of the 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.

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

With regard to the cost of acquisition of original shares in KIIL, section 49(2D) of the Act, provides the formula for splitting the original cost of acquisition of shares of KIIL between shares allotted in DPIL and original shares in KIIL. Extract of the provisions of Section 49(2D) is reproduced below for your reference:

*Dinkita Karanam*

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CIN : L19202WB1985PLC039431





## Kkalpana Industries (India) Limited

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

As such, pursuant to section 49(2) of the Act the cost of acquisition of shares of DPIL is to be computed by applying net book value of assets of Compounding Business to the net worth of KIIL immediately before the Demerger. Accordingly, the cost of acquisition of Equity Shares of KIIL shall be the original cost of acquisition reduced by cost of acquisition ascertained for the shares of DPIL under Section 49(2D) of Income Tax Act, 1961.

For determining the post demerger cost of acquisition of the equity shares of KIIL and the Resulting Company DPIL under the Act, you are advised to apportion your pre-demerger cost of acquisition of KKIL shares in the following manner:

Name of the Company	% Cost of Acquisition
Kkalpana Industries (India) Limited	8.22
Ddev Plastiks Industries Limited	91.78

Therefore, the cost of acquisition of equity shares of DPIL will be 91.78% of the total cost of acquisition of equity shares held in KIIL prior to demerger. The same is based on "net book value" of assets of demerged undertaking (i.e. compounding business undertaking) to the net worth of KKIL, computed in accordance with Section 49(2C) and 49(2D) of the Act.

Getting the post allotment equity shares of DPIL listed on BSE Limited is in process.

**Disclaimer:**

This communication is being issued for general guidance of the shareholders for computing the proportionate cost of acquisition of the Equity Shares of Ddev Plastiks Industries Limited ("DPIL") vis-a vis Kkalpana Industries (India) Limited ("KIIL") as per the Provisions of Income Tax Act, 1961 ("Act") and shall 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. Further note that if there is any change, including change having retrospective effect in statutory laws or regulations, the comments expressed in this communication would necessarily have to be re-evaluated in the light of changes. The Company does not take the responsibility of updating this communication at any time in future.

**For Kkalpana Industries (India) Limited**

**Ankita Karnani**  
Company Secretary and Compliance Officer



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