

एनएमडीसी



NMDC

# एन एम डी सी लिमिटेड NMDC Limited

(भारत सरकार का उद्यम) (A GOVT. OF INDIA ENTERPRISE)

पंजीकृत कार्यालय : 'खनिज भवन', 10-3-311/ए, कैसल हिल्स, मासाब टैंक, हैदराबाद - 500 028.

Regd. Office : 'Khanij Bhavan' 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.

नैगम पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674



No. 18(10)/2022- Sectt

17<sup>th</sup> October 2022

1) The BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	2) National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
3) The Calcutta Stock Exchange Limited, 7, Lyons Range, Kolkata - 700001	

Dear Sir / Madam,

**Ref: Apportionment of Cost of Acquisition of Equity Shares consequent upon demerger**

Please find enclosed communication for attention of the shareholders of NMDC Limited for apportionment of Cost of Acquisition of Equity Shares of NMDC Limited and NMDC Steel Limited pursuant to the Scheme of Arrangement in relation to Demerger of the Demerged undertaking from NMDC Limited to NMDC Steel Limited.

The above is for your kind information and records.

Thanking you



Yours faithfully,  
For NMDC Limited

**A S Pardha Saradhi**  
Executive Director &  
Company Secretary

Encl: As above



**FOR THE ATTENTION OF SHAREHOLDERS OF NMDC LIMITED**

**Subject: Apportionment of Cost of Acquisition of Equity Shares of NMDC Limited (hereinafter referred to as the "Demerged Company") and NMDC Steel Limited (hereinafter referred to as the "Resulting Company") pursuant to the Scheme of Arrangement in relation to Demerger of the Demerged Undertaking from NMDC Limited to NMDC Steel Limited.**

1. We are pleased to inform that the Scheme of Arrangement between NMDC Limited and NMDC Steel Limited and their respective shareholders and creditors ("the Scheme") pursuant to the provisions of Sections 230-232 of the Companies Act, 2013 ("Act") and the other applicable provisions thereof and applicable rules thereunder (hereinafter referred to as the "Scheme"), involving Demerger of the Demerged undertaking from Demerged Company to the Resulting Company has been duly sanctioned by the Ministry of Corporate Affairs ("MCA") *vide* its order dated October 6, 2022 ("Order").
2. Pursuant to the Order, upon the Scheme becoming effective, in consideration of the transfer and vesting of the Demerged Undertaking in the Resulting Company, the Resulting Company shall, without any further application, act, instrument or deed, issue and allot to all the equity shareholders of the Demerged Company, whose names appear in the register of members as on the Record Date, 1 (One) equity share of the Resulting Company of INR 10 each fully paid-up for every 1 (One) equity share held in the Demerged Company of INR 1 each fully paid-up.
3. The above-mentioned demerger envisaged under 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 NMDC Limited under the IT Act in view of the exemption granted under Section 47(vid) of the IT Act.
4. The Appointed Date of the Scheme is April 1, 2021. Accordingly, with effect from the Appointed Date, the entire Demerged Undertaking of NMDC Limited has been transferred and vested into NMDC Steel Limited.
5. We wish to inform the Shareholders the proportion in which the cost of acquisition of the equity share(s) shall be split between Demerged Company and Resulting Company for the purpose of computing the capital gain/ loss as per the provisions of the IT Act.
6. Accordingly, for the purposes of the IT Act, for a shareholder which holds the shares of NMDC Limited as Capital Asset:





- (a) the date of acquisition of the Equity Shares issued pursuant to the Scheme by NMDC Steel Limited received by the shareholders of NMDC Limited will be the date of acquisition of the original shares of NMDC 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 issued pursuant to the Scheme by NMDC Steel Limited, as per Section 49(2C) of the IT Act, shall be the amount which bears to the cost of acquisition of shares of NMDC 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 NMDC 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.

7. The proportion referred to in paragraph 6(b) for the purposes of the IT Act, is as under:

The net book value of assets which relate to the Demerged Undertaking as on the Appointed Date (i.e. April 1, 2021) was Rs. 17,048.54 Crores and the Net Worth of NMDC Limited was Rs. 12,707.60 Crores.

Name of Company	Percentage of Cost of Acquisition of equity shares in Demerged and Resulting Company
NMDC Limited (Demerged Company)	42.71%
NMDC Steel limited (Resulting Company)	57.29%
<b>Total</b>	100.00%

*This communication related with computation of cost of acquisition is meant only for the purposes of providing general guidance to the shareholders of NMDC Limited based on Company's understanding and hence, this should not be considered as a substitute for any independent opinion that the shareholder may obtain. Shareholders are advised to consult their own consultants to understand specific tax implications, in their respective cases. NMDC Limited takes no express or implied liability in relation to this guidance.*

Capitalized terms used herein but not defined shall have the meaning assigned to them in the Scheme.



*[Handwritten signature]*