

# **OCL INDIA LIMITED**

Registered Office: AT/P.O. Rajgangpur 770 017, District Sundergarh, Orissa, India

## **FOR THE ATTENTION OF COMPANY'S SHAREHOLDERS**

Pursuant to the Scheme of Arrangement ("Scheme") between OCL India Limited ("OCL"), OCL Iron and Steel Limited ("OISL"), Landmark Property Development Company Limited (formerly Konark Minerals Limited) ("LPDC") and Dalmia Cement (Meghalaya) Limited ("DCML"), your Company had fixed March 5, 2008 as the Record Date for determining your entitlements in terms of the said Scheme. Accordingly, against your holding in OCL, new shares of OISL and LPDC ("New Shares") are being issued in the following manner:

*"Three fully paid-up equity shares of Rs 1 each of OISL as well as LPDC to be issued for every one equity share held in OCL."*

In this regard, please note the following:

### **SPLIT OF COST OF ACQUISITION OF SHARES IN OCL INDIA LIMITED**

1. There would be no Capital Gains implications on the shareholders of OCL in view of the exemption granted under Section 47(vii) of the Income Tax Act, 1961 ("the Act").
2. In respect of the New Shares, 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 OCL for each shareholder as per Clause (g) in Explanation 1 to Section 2 (42A) of the Act. Kindly consult your Tax advisors, having regard to the facts of your case.
3. With regard to the Cost of Acquisition of New Shares in OISL and LPDC, Section 49(2C) of the Act provides the formula for splitting the original Cost of Acquisition of shares of OCL between New Shares allotted in OISL and LPDC. An 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..."*

4. With regard to the Cost of Acquisition of Original Shares in OCL, Section 49(2D) of the Act provides the formula for splitting the original Cost of Acquisition of shares of OCL between New Shares allotted in OISL and LPDC and Original Shares in OCL. An extract of the provisions of Section 49(2D) is reproduced below for your reference:

*"...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 so arrived at under sub-section (2C)..."*

The information in Para 3 above should be preserved carefully, as it will be relevant for calculating taxable Capital Gains under the Act on any transfer of shares in future.

For the purpose of determining the post demerger cost of acquisition of Equity Shares of OCL and the Resulting Companies- OISL and LPDC under the Income Tax Act, 1961, the shareholders are advised to apportion their pre-demerger cost of acquisition of OCL shares in the following manner :

<b>Name of Company</b>	<b>% of Cost of Acquisition of OCL Shares</b>
OCL India Limited	66.48%
OCL Iron and Steel Limited	19.92%
Landmark Property Development Company Limited (formerly Konark Minerals Limited)	13.60%
Total	100%

This communication is for the benefit of the shareholders and the Company (OCL) takes no express or implied liabilities in providing this guidance.

For **OCL India Limited**  
Rachna Goria  
Company Secretary