DCM
LIMITED

June 25, 2019

BSE Limited
Department of Corporate Services
P J Towers
Dalal Street,
Mumbai – 400 001

Scrip Code – 502820

National Stock Exchange of India Limited
Listing Department,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051

Scrip Code – DCM

Sub: Apportionment of Cost of Acquisition of Equity Shares of DCM Limited and DCM Nouvelle Limited pursuant to a Scheme of Arrangement (Demerger)

Dear Sir,

Please find enclose herewith the Independent Practitioner's Report on the apportionment of Cost of Acquisition of Equity Shares of DCM Limited and DCM Nouvelle Limited in the hands of shareholders post demerger of cotton textile business undertaking of DCM Limited pursuant to Scheme of Arrangement between DCM Limited ('Demerged Company') and DCM Nouvelle Limited ('Resulting Company').

The same has been uploaded on the website of the Company i.e. www.dcm.in

Please note that this communication related with computation of cost of acquisition is meant only for the purpose of providing general guidance to the shareholders of DCM Limited and hence this should not be considered as a substitute for any independent opinion that the shareholder may obtain.

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. DCM Limited takes no express or implied liability in relation to this guidance.

This is for your information please.

Thanking you,
For DCM Limited

DCM LIMITED NEW DELHI

Yadvinder Goyal
Company Secretary

Encl.:- As above

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The Management
DCM Limited
Vikrant Tower, 4, Rajendra Place
New Delhi - 110008

Independent Practitioner's Report on the apportionment of Cost of Acquisition of Equity Shares of DCM Limited ('Demerged Company') and DCM Nouvelle Limited ('Resulting Company') in the hands of shareholders post demerger of cotton textile business undertaking of DCM Limited

1. This Report is issued in accordance with the terms of our agreement dated 11 June 2019.

2. In a Scheme of Arrangement ('the Scheme') approved by the Principal Bench, National Company Law Tribunal, New Delhi, as per order dated May 01, 2019 between DCM Limited ('DCM' or 'the Demerged Company') and DCM Nouvelle Limited ('DNL' or 'the Resulting Company') and their respective shareholders and creditors, inter alia, the cotton textile business undertaking of DCM Limited was transferred and vested in DCM Nouvelle Limited, with effect from the Appointed Date, being April 1, 2019 as a going concern in accordance with Section 2(19AA) of the Income Tax Act, 1961.

3. In terms of the said Scheme, DCM Nouvelle Limited is required to issue and allot to every member of DCM Limited, holding fully paid up equity shares in DCM Limited and whose names appear in the Register of Members of DCM Limited on the Record Date i.e. May 31, 2019, in the ratio of 1 (One) Equity Share of face value of Rs. 10 each, fully paid up of DCM Nouvelle Limited for every 1 (One) Equity Share of Rs. 10 each, fully paid up, held by such members in DCM Limited.

4. Cost of acquisition of shares in DCM Nouvelle Limited upon demerger is required to be worked out for the purposes of the Act in accordance with the provisions of sub-section (2C) of Section 49 of the Act, which provides as under:
"The cost of acquisition of the shares in the resulting company shall be the amount which bears to all 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."

   The cost of acquisition of the original shares in the demerged company, is worked out in accordance with the provisions of sub-section (2D) of Section 49 of the Act, which provides as under:
"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)."

   Explanation to Section 49 reads as under:
"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."

Management's Responsibility

5. The Management is responsible for ensuring that the Company complies with the requirements of the Scheme and Income-tax Act, 1961.

K N S G & CO LLP
Chartered Accountants

Independent Practitioner's Responsibility

6. Our responsibility is only to examine and report that the apportionment of Cost of Acquisition of Equity Shares of DCM Limited ('Demerged Company') and DCM Nouvelle Limited ('Resulting Company') post demerger of DCM Limited is computed in accordance with Section 49(2C) and 49(2D) of the Income-tax Act, 1961. Our examination is based on verification of books of accounts and audited standalone financial results of the Company for the year ended March 31, 2019, audited by B S R & Co LLP vide their report dated May 29, 2019.

7. We have conducted our examination of the Statement in accordance with the "Guidance Note on Reports or Certificates for Special Purposes" ('the Guidance Note") issued by the Institute or Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics Issued by the Institute of Chartered Accountants or India.

8. We have complied with the relevant applicable requirements of Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements.

Opinion

9. Based on our examination and the information and explanations given to us, in our opinion, the Cost of Acquisition of Equity Shares in DCM Limited ('Demerged Company') and DCM Nouvelle Limited ('Resulting Company') as at April 1, 2019 is computed in accordance with Section 49(2C) and 49(2D) of the Income-tax Act, 1961 and mentioned below:

Name of the Company	Percentage of Cost of Acquisition of DCM's equity shares post demerger
DCM	22.2%
DNL	77.8%
Total	**100%**

Restriction on Use

10. This Report is provided to the Management of the Company for onward submission to BSE Limited and National Stock Exchange of India Limited and the Shareholders of DCM Limited and DCM Nouvelle Limited. This Report should not be used by any other person or for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For **K N S G & Co LLP**
Chartered Accountants
Firm Registration No.: 025315N/N500106

Naman Singla

Naman Singla
Partner
Membership No.: 519694

K N S G & CO LLP
Chartered Accountants

Place: New Delhi
Date: June 13, 2019