



04 November 2024

Shareholder Communication Relating to Computation of Proportionate Cost of Acquisition upon Demerger

The Scheme of Arrangement for Demerger of the 'Engineering and Manufacturing in Aerospace and Defence services business' ("Rossell Techsys Division" or "Demerged Undertaking") of Rossell India Limited ("Demerged Company") into Rossell Techsys Limited ("Resulting Company") and their respective Shareholders ("Scheme") under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of Companies Act, 2013 was sanctioned by the Hon'ble National Company Law Tribunal, Kolkata Bench, ("NCLT") vide its order dated 25th April, 2024. The Scheme become effective on 30th August, 2024, after filing of certified copy of the Order with the Registrar of Companies, Kolkata.

Accordingly, the Demerger of the Rossell Techsys Division of Rossell India Limited into Rossell Techsys Limited, as envisaged in the Scheme, is deemed to have been effective from 1st April, 2023, being the "Appointed Date" of Demerger.

As provided under the Scheme, the Board of Directors of Rossell Techsys Limited, at the meeting held on 25th September 2024, approved the issue and allotment to the shareholders of Rossell India Limited, 1 (One) Equity Share of Rs. 2/- each, for every 1 (One) Equity Share of Rs. 2/- each held in Rossell India Limited, as on the Record Date, i.e. 20th September, 2024.

This Communication has been hosted on the website of the Company for the general guidance of the shareholders of Rossell India Limited for computing the proportionate cost of acquisition of the equity shares of Rossell Techsys Limited vis-a-vis the cost of acquisition of the original equity shares of Rossell India Limited, for the purpose of computing capital gain/loss as per the provisions of the Income Tax Act, 1961 ('the Act'), as and when the equity shares are sold or otherwise transferred.

Section 49(2C) of the Act provides that the cost of acquisition of the shares of a Resulting Company is required to be computed by applying the proportion of Net Book Value of the assets of the Demerged Undertaking to the Net worth of the Demerged Company immediately before the Demerger.

Further, section 49(2D) of the Act provides that the cost of acquisition of the equity shares of the Demerged Company shall be the original cost of acquisition reduced by the cost of acquisition ascertained for the shares of the Resulting Company under S. 49(2C) of the Act.

The Net Book Value of assets which relate to the Demerged Undertaking as on the Appointed Date (i.e. 01st April 2023) was INR 11,901.92 Lakhs and the Net Worth of Rossell India Limited pre-demerger was Rs. 28,667.10 Lakhs.

Based on the prevailing provisions of the Act, the shareholders are advised to apportion their pre-demerger cost of equity shares of Rossell India Limited in the following manner:

Name of the Company	Percentage of cost of acquisition of equity shares*
Rossell Techsys Limited (Resulting Company)	41.52%
Rossell India Limited (Demerged Company)	58.48%
TOTAL	100.00%

**Based on Statement of Assets and Liabilities transferred from Demerged Company to Resulting Company forming part of the NCLT Order.*



Accordingly, the cost of acquisition of equity shares allotted in Rossell Techsys Limited will be 41.52% of the total cost of acquisition of the equity shares held in Rossell India Limited prior to the demerger.

The above-mentioned demerger envisaged under the Scheme satisfies all conditions under section 2(19AA) of the Act. In terms of Section 47(vi)(d) of the Act, the issue of the shares by the Resulting Company (Rossell Techsys Limited) to the shareholders of the Demerged Company (Rossell India Limited), pursuant to the Scheme, will not be regarded as transfer and hence will not be taxable in the hands of the shareholders. Further in respect of the equity share(s) issued and allotted by Rossell Techsys Limited, the date of acquisition of the equity shares, for the purpose of computation of capital gain/loss in the hands of the shareholder, as and when the shares are sold or otherwise transferred, will be the date of acquisition of original shares of Rossell India Limited for each shareholder, as per Clause (g) in Explanation 1 to Section 2(42A) of the Act.

Please note that this communication is merely for general guidance to the shareholders and should not be construed as a substitute for any independent opinion that shareholders may obtain. Shareholders are advised to consult their own consultants to understand specific tax implications, in their respective cases. The concerned regulatory, statutory or judicial authority including the Assessing Officer/appropriate appellate authority could take a different view. Rossell Techsys Limited / Rossell India Limited take no express or implied liability in relation to this guidance and do not take the responsibility of updating this communication at any time in future.

Further if there is any change in laws having retrospective effect in regulations, the comments expressed in the communication would necessarily have to be re-evaluated in light of such changes. Rossell Techsys Limited / Rossell India Limited do not undertake any responsibility for updating this communication any time in future.

By Order of Board
For **Rossell Techsys Limited**

Komal Shrimankar
Company Secretary

Place: Bengaluru