

FOR THE ATTENTION OF SHAREHOLDERS OF JASCH GAUGING TECHNOLOGIES LTD

In accordance with a Scheme of Arrangement (Demerger), approved by the Hon'ble National Company Law Tribunal vide its order 12-09-2023, the shares Jasch Industries Ltd held before the record date of 06-10-2023 ("pre-demerger") have been bifurcated into shares of Jasch Industries Ltd & Jasch Gauging Technologies Ltd after record of 06-10-2023 ("post-demerger) in the ratio of 60:40 respectively.

This communication is being issued for general guidance of the shareholders of the company in relation to the method of calculation and apportionment of pre-demerger cost of acquisition of shares of Jasch Industries Ltd between deemed post-demerger cost of acquisition of shares of Jasch Industries Ltd and Jasch Gauging Technologies Ltd.

Pursuant to Section 49(2C) and Section 49(2D) of the Income Tax Act, 1961, the cost of acquisition of shares of the Resulting Company (Jasch Gauging Technologies Ltd) is to be based on the ratio of "net book value" of the assets of the Demerged Business (Gauging Business of Jasch Industries Ltd) to the "net worth" of the Demerged Company (Jasch Industries Ltd), immediately before the demerger.

The "appointed date" of demerger (i.e. the date from which the scheme will become operational), as originally mentioned in the Scheme of Arrangement (and based on which the share swap ratio of 60:40 has been worked out by the valuer) was 01-04-2021. The net book value of the assets of the demerged business being 40.882% of net worth of the assets of the demerged company as on 31-03-2021, the pre-demerger cost of acquisition of equity shares of Jasch Industries Ltd and Jasch Gauging Technologies Ltd based on 31-03-2021 financials ought to be apportioned in the ratio of 59.118 : 40.882 respectively.

However, while approving the Scheme, the Hon'ble NCLT has revised the appointed date to 01-04-2022. As on 31-03-2022, the net book value of the assets of the demerged business was 50.230% of net worth of the assets of the demerged company. Taking a stricter view, if 31-03-2022 is taken by the concerned income tax assessing officer/judicial authority as the date of demerger (irrespective of date on which share swap is based), then the cost of acquisition will be worked out in the ratio of 49.770 : 50.230 between the shares of Jasch Industries Ltd and Jasch Gauging Technologies Ltd. In such a case, the pre-demerger cost of acquisition of JIL shares will be apportioned as under :

	% of pre-demerger cost of Acquisition of shares of Jasch Industries Ltd which is to be apportioned
Jasch Industries Limited	49.770 %
Jasch Gauging Technologies Limited	50.230 %
Total	100 %

Example: If a shareholder has acquired 100 shares of Jasch Industries Ltd before 06-10-2023 at a cost of Rs. 300 per share, then his/her total cost of acquisition is Rs. 30,000. Post-demerger, he/she gets 60 shares of Jasch Industries Ltd and 40 shares of Jasch Gauging Technologies Ltd. The cost of acquisition of 60 shares of Jasch Industries Ltd will be Rs. 15,000 (50% of Rs. 30,000) and the cost of acquisition of 40 shares of Jasch Gauging Technologies will be Rs. 15,000 (50% of 30,000). [Fraction percentage has been rounded off to nearest per cent.]

Disclaimer: This communication is merely by way of courtesy for the general guidance of the shareholders and should not be considered as a substitute for any independent opinion that the shareholders should obtain. The law does not require the company to offer any guidance whatever in this regard. The concerned regulatory, statutory or judicial authority, including any assessing officer or, appropriate appellate authority, could take any of the above or an entirely different view. The Company takes no express or implied liability in relation to this guidance.

The Company has been advised that as per Section 47(vi)(d) of the Income-tax Act, 1961, the issue of shares by Jasch Gauging Technologies Ltd pursuant to the Scheme, will not be regarded as transfer and, accordingly, the pre-demerger date of acquisition of the equity shares of Jasch Industries Ltd will be deemed to be the date of acquisition for the equity shares of Jasch Gauging Technologies Ltd also. The above disclaimer applies to this paragraph too.

