

Date: May 5, 2023

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra-Kurla Complex, Bandra (E),
Mumbai- 400 051
NSE Code: GHCL

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring, Rotunda Building,
P.J. Towers, Dalal Street, Fort, Mumbai- 400 001
BSE Code: 500171

Sub: Apportionment of Cost of Acquisition of Equity Shares consequent upon demerger

Ref.: Scheme of Arrangement between GHCL Limited ('Demerged Company') and GHCL Textiles Limited ('Resulting Company') and their respective shareholders ('Scheme')

Dear Sir/Madam,

Please find enclosed communication for attention of the shareholders of GHCL Limited ('GHCL' or 'Company') for apportionment of Cost of Acquisition of Equity Shares of GHCL Limited and GHCL Textiles Limited ('GHCL Textiles' or 'GTL') pursuant to the Scheme of Arrangement in the nature of Demerger of the Spinning Division ('Demerged Undertaking') of GHCL Limited to GHCL Textiles Limited.

Kindly note that this communication is merely for the general guidance of the shareholders and should not be considered as a substitute for any independent opinion that the shareholders may obtain. The concerned regulatory, statutory or judicial authority, including any assessing officer/ appropriate appellate authority, could take a different view. The Company takes no express or implied liability in relation to this guidance. Please note that if there is any change including change having a retrospective effect in the statutory laws and regulations, the comments expressed in this communication would be necessarily have to re-evaluated in light of the changes. Company do not take the responsibility of updating this communication at any time in future.

A copy of this intimation is also being uploaded on the website of the Company at www.ghcl.co.in

Thanking you

Yours Faithfully

For GHCL Limited



Manoj Kumar Ishwar
Asst. General Manager (Secretarial)

FOR THE ATTENTION OF SHAREHOLDERS OF GHCL LIMITED

Subject: Apportionment of Cost of Acquisition of Equity Shares of GHCL Limited (hereinafter referred to as the 'Demerged Company') and GHCL Textiles Limited (hereinafter referred to as the 'Resulting Company') pursuant to the Scheme of Arrangement in the nature of Demerger of the Spinning Division ('Demerged Undertaking') of GHCL Limited to GHCL Textiles Limited.

1. We are pleased to inform that the Scheme of Arrangement between GHCL Limited and GHCL Textiles 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, involving Demerger of the Spinning Division (**'Demerged Undertaking'**) from the Demerged Company to the Resulting Company has been duly sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench (**'NCLT'**) vide its order pronounced on February 8, 2023 and certified copy of the Order received on March 14, 2023 (**'Order'**).
2. Pursuant to the Order, upon the Scheme becoming effective, in consideration of the transfer and vesting of the Demerged Undertaking of the Demerged Company to 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, i.e. April 8, 2023, 1 (One) equity share of the Resulting Company of face value of INR 2/- each fully paid-up for every 1 (One) equity share held in the Demerged Company of face value of INR 10 each fully paid-up. Accordingly, on April 12, 2023, the Resulting Company allotted 9,55,85,786 shares and the same is in the process of listing with NSE & BSE.
3. The Appointed Date of the Scheme is the Effective Date, i.e., April 1, 2023. Accordingly, with effect from the Appointed Date, the entire Demerged Undertaking of GHCL Limited has been transferred and vested into GHCL Textiles Limited.
4. 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 Sections 49(2C) and 49(2D) of the Income Tax Act, 1961 (**'IT Act'**). Accordingly, the cost of acquisition of equity shares of both the Demerged Company and the Resulting Company is to be calculated as under:
 - (a) the cost of acquisition of the equity shares issued pursuant to the Scheme by GHCL Textiles Limited, as per Section 49(2C) of the IT Act, shall be the amount which bears to the cost of acquisition of shares of GHCL 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.
 - (b) the cost of acquisition of the original shares of GHCL 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 (a) above.




5. The proportion referred to in paragraph 4 for the purposes of the IT Act, is as under:

Name of Company	Percentage of Cost of Acquisition of equity shares in Demerged Company and Resulting Company
GHCL Limited (Demerged Company)	65.45%
GHCL Textiles Limited (Resulting Company)	34.55%
Total	100.00%

This communication (in relation with computation of cost of acquisition) is meant only for the purposes of providing general guidance to the shareholders of GHCL 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. GHCL Limited takes no express or implied liability in relation to this guidance.

