

Mirza International Limited

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CIN : L19129UP1979PLC004821
Email : marketing@mirzaindia.com
Website : www.mirza.co.in

April 15, 2023

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Scrip Code: 526642	National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 NSE symbol: MIRZAINT
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Sub: Apportionment of Cost of Acquisition of Equity Shares consequent upon demerger

Re: Composite Scheme of Arrangement of RTS Fashions Private Limited, Mirza International Limited and REDTAPE Limited

Dear Sirs,

Please find enclosed a certificate with regard to determination/ apportionment of Cost of Acquisition of Equity Shares of Mirza International Limited and REDTAPE Limited after the demerger of the Branded Business/REDTAPE Business of Mirza International Limited into REDTAPE Limited, pursuant to the Scheme of Arrangement of RTS Fashions Private Limited, Mirza International Limited and REDTAPE Limited.

This is for the attention of all the shareholders of the Mirza International Limited and Redtape Limited.

Thanking you,

For **Mirza International Limited**

Harshita Nagar
Company Secretary & Compliance Officer

Encl.: As above



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Khamesra Bhatia & Mehrotra

Chartered Accountants

STRICTLY PRIVATE & CONFIDENTIAL

To,
The Board of Directors,
Mirza International Limited
Kanpur, Uttar Pradesh
India

To,
The Board of Directors
REDTAPE Limited
Noida, Uttar Pradesh
India

Sub: Certification u/s 49 (2C) and 49 (2D) of the Income Tax Act,1961 for Apportionment of cost of Acquisition of Equity Shares of Mirza International Limited ('Demerged Company') and Equity Shares of Redtape Limited ('Resulting Company') pursuant to the Composite Scheme of Arrangement ('Scheme')

1. BACKGROUND

1.1. Mirza International Limited ('MIL') and Redtape Limited ('RT') are public companies governed under the provisions of Companies Act, 2013, having their registered office in Uttar Pradesh.

We understand that the Hon'ble National Company Law Tribunal, Allahabad Bench has, vide its order dated 21 February 2023 sanctioned the Composite Scheme of Arrangement between Mirza International Limited, RTS Fashions Private Limited and Redtape Limited and their respective shareholders ('Scheme') under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. In terms of the Scheme, the Demerged Undertaking (as defined in the Scheme) of Mirza International Limited shall be demerged and stand transferred and vested in Redtape Limited, on a going concern basis w.e.f 1st January 2022.



[Handwritten signature]

- 1.3. As a consideration for the transfer and vesting of Demerged Undertaking from Mirza International Limited to Redtape Limited, it is proposed that Redtape Limited shall allot 1 (One) equity share of INR 2/- (Rupees Two Only) for every 1 (one) equity share of INR. 2/- (Rupee Two Only) each held by shareholders of Mirza International Limited as on record date fixed for this purpose i.e. 29th March,2023.
- 1.4. In this regard, we, M/s Khamesra Bhatia & Mehrotra, Chartered Accountants, have been requested by Mirza International Limited and Redtape Limited (hereinafter collectively referred to as 'the Client' or 'you') to certify u/s 49(2C) and 49(2D) of the Income-tax Act, 1961 ('the Act') the Apportionment of Cost of Acquisition of Equity Shares of Mirza International Limited and Equity Shares of Redtape Limited pursuant to the Scheme.
- 1.5. Accordingly, we provide our certification in relation to apportionment of cost of acquisition of shares u/s 49(2C) and 49(2D) of the Act as under.

2. SOURCES OF INFORMATION

- 2.1 For the purpose of the certification, we have relied on the following sources of information:
- 2.2 Audited financial statements of Mirza International Limited for the period ending 31st March,2021;
- 2.3 Management certified divisional financial statements of Mirza International Limited for the period ending 31st Dec,2021; and
- 2.4 Such other information and explanations as required, and which have been provided from time to time by the Management and authorized representatives.

2.1.1 OUR APPROACH

2.1.2 Section 49(2C) and Section 49(2D) of the Act provides the mechanism to apportion the original cost of acquisition of shares of the Demerged Company between the shares of the Demerged Company and the shares in the Resulting Company, received pursuant to Demerger. It, inter alia, provides that the cost of acquisition of shares of the Resulting Company shall be based on the ratio of "net book value" of the assets of the Demerged Undertaking to the "net worth" of Demerged Company, immediately before the Demerger. The cost of acquisition of the original shares held by the shareholder in the demerged company shall be proportionately reduced by the said percentage.

2.2 Section 49(2C) and Section 49(2D) of the Act read as under:

(2C) *The cost of acquisition of the shares in the resulting company shall be the amount which bears to 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 bear to the net worth of the demerged company immediately before such demerger.*

(2D) *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. -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.

3.3 Based on the management certified divisional financial statements of Mirza International Limited as on 31st Dec,2021 the apportionment of Cost of Acquisition of Equity Shares of Mirza International Limited and Equity Shares of Redtape Limited pursuant to the



Composite Scheme of Arrangement is worked out as under:

A. Towards Equity Shares of Redtape Limited

Particulars	Amount in INR Crores (except stated otherwise)
Net Assets of Demerged Undertaking as on Appointed Date (i.e. 1 st Jan 2022) (A)	301.46
Net worth of Mirza International Limited immediately before demerger (B)	726.91
Cost of Acquisition of equity shares of Demerged undertaking	41.47 %

Note: The explanation to Section 49(2C) of the Act defines the term "networth" to mean the aggregate of the paid -up share capital and general reserves as appearing in the books of the demerged company, immediately before the demerger.

B. Towards Equity Shares of Mirza International Limited

The cost of acquisition of the original shares held by the shareholder in Mirza International Limited shall be reduced by 41.47% and accordingly, be 58.53% of the original cost of acquisition.

C. Based on above, the apportionment of Cost of Acquisition between Equity Shares of Mirza International Limited and Equity Shares of Redtape Limited is summarized as under:

Name of the Company	% of original cost of acquisition of Mirza International Limited's equity shares
Towards Equity Shares of Mirza International Limited	58.53
Towards Equity Shares of Redtape Limited	41.47

3. EXCLUSIONS AND SCOPE LIMITATIONS

3.1 Our certificate is subject to the scope limitations detailed hereinafter. As such, the certificate is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

3.2 This certificate is prepared only for the limited purpose of certification u/s 49(2C) and 49(2D) of the Income-tax Act, 1961 of the Cost of Acquisition of Equity Shares of Mirza International Limited and equity Shares of Redtape Limited pursuant to the Scheme.

3.3 We have relied on the management certified divisional financials as on 31st Dec 2021 and accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this certificate.

3.4 Our work does not constitute certification of the historical financial statements including the working results of Mirza International Limited and Redtape Limited referred to in this certificate. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this certificate. The



certification as mentioned above is for a specific purpose and it may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

For

Khamesra Bhatia & Mehrotra

Chartered Accountants

FRN:0014100



CA Vineet Roongta

(Partner)

M.no:410958

Date:14-04-2023

Place: Kanpur

UDIN: 23410958BGXZYZ1855