

Date 22.11.2018

Dear Sir,

**Sub: Computation of Cost of acquisition per share of Vikas Ecotech Limited (Demerged Company) and Vikas Multicorp Limited (Resulting Company)**

The Hon'ble National Company Law Tribunal, Principal Bench order dated 31<sup>st</sup> October, 2018 has approved the Scheme of Arrangement for Demerger of High Volume 'Recycled Compounds and Trading Division' (Demerged Undertaking) of Vikas Ecotech Limited (Demerged Company) into Vikas Multicorp Limited (Resulting Company) under the provisions of Section 230-232 of the Companies Act, 2013 with the effect from the appointed date i.e. 01/04/2017. The said scheme becomes effective on 10<sup>th</sup> November, 2018.

As per the said scheme, the assets & liabilities relating to High Volume 'Recycled Compounds and Trading Division' (Demerged Undertaking) of Vikas Ecotech Limited (VEL / Demerged Company) have been transferred to Vikas Multicorp Limited (VML / Resulting Company) at book value, as standing in the books of the Demerged Company as on appointed date i.e. 1<sup>st</sup> April 2017.

This is to inform you that the method by which the cost of acquisition per share of Demerged Company and Resulting Company is computed for the purpose of working out the capital gains under the Income Tax Act, 1961.

We trust this explains the position clearly and would help you to compute the cost of acquisition per share individually for Demerged Company and Resulting Company, both after demerger, if and when the shares are sold attracting capital gains under the income tax Act 1961.

**Computation of Cost of Acquisition per share of Vikas Ecotech Limited (Demerged Company) and Vikas Multicorp Limited (Resulting Company), post Demerger .**

This Scheme of Arrangement provides Demerger of High Volume 'Recycled Compounds and Trading Division' (Demerged Undertaking) of Vikas Ecotech Limited (Demerged Company) into Vikas Multicorp Limited (Resulting Company).

**Cost of Acquisition :**

As per the provisions of Section 49 (2C) of the Act, the cost of acquisition of shares in the Resulting Company (VML) shall be the amount which bears to the cost of acquisition of shares held in the Demerged Company (VEL) the same proportion as the net book value of assets transferred in a demerger bears to the Networth of the demerged company (VEL) immediately before such Demerger.

**The Cost of Acquisition of Resulting Company (VML) Shares**

The net Book Value of assets of Demerged Undertaking as on Appointed Date i.e. 1st April 2017 was Rs. 29.57 Crores and the net worth of Demerged Company immediately before Demerger was Rs. 131.34 Crores. Thus, the proportion of net asset value of Resulting Company (VML) to the net worth of the Demerged Company (VEL) immediately before such Demerger will be 22.51 %. Cost of acquisition of Resulting Company shares will be 22.51 % of the total cost of acquisition of the original share in the Demerged Company (VEL) prior to such demerger.

**The Cost of Acquisition of Demerged Company (VEL) Shares**

As per the provisions of Sec 49(2D) of the Act, cost of acquisition of the original shares held by the shareholder in the Demerged Company (VEL) shall be deemed to have been reduced by the cost of acquisition of the shares in the Resulting Company (VML) computed as per sec 49(2C) of the Act. Thus, the ratio of cost of acquisition for Resulting Company (VML) shall be 22.51% and Demerged Company (VEL) shall be 77.49%.

**Period of Holding:**

According to section 2(42A)(g) of the Act, for reckoning period of holding on the date of sale, the period for which the shares were held in the Demerged Company (VEL) prior to demerger should also be considered.

Thank You,

**For Vikas Multicorp Limited**

**SD/-**

**(Authorized Signatory)**