



VEL/OUTCOME/29/05/2017

29<sup>th</sup> May, 2017

The General Manager- Listing National Stock Exchange of India Limited. Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400051. Fax: +91 22-26598235/36 <b>NSE Symbol - VIKASECO</b>	The General Manager- Listing BSE Ltd. Phirozee Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. <b>Scrip Code - 530961.</b>
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Dear Sir,

**Subject - Outcome of the Board Meeting held on 29<sup>th</sup> May, 2017.**

**Disclosure under Regulation 30(2) of SEBI (LODR) Regulations, 2015 read with sub-para 1.3 of Para A1 of Annexure I of Circular bearing number CIR/CFD/CMD/4/2015 dated 9<sup>th</sup> Sept., 2015 issued by SEBI.**

In reference to the above captioned subject, the board in its meeting held today, has considered and approved the scheme of arrangement for Demerger of the High volume 'Recycled Compounds and Trading Division' ("Demerged Undertaking") of Vikas Ecotech Limited ("Demerged Company") and subsequent amalgamation with Vikas Multicorp Limited ("Resulting Company").

The above provisions of the Scheme shall be affected in accordance with the provisions of Section 230-232 of the Companies Act, 2013 and other relevant provisions of Act and rules framed thereof.

The above Scheme of Arrangement shall be subject to the approval of National Company Law Tribunal (NCLT) of relevant jurisdiction, Securities Exchange Board of India (SEBI), various statutory approvals, Stock Exchange, Shareholders and Creditors of both the Companies.

The detailed disclosure as required under Regulation 30 of the Listing Regulations, 2015 read with Circular CIR/CFD/CMD/4/2015 dated September 09<sup>th</sup>, 2015 is enclosed as Annexure to this Outcome.

Request you to take the same on your records.

Thanking you,  
For Vikas EcoTech Limited

(Siddharth Agrawal)  
Company Secretary & Compliance Officer

Regd. Office : Vikas House, 34/1, East Punjabi Bagh, New Delhi- 110026 (INDIA)

Plant 1 : Industrial Growth Centre, Phase-I, SIDCO Complex, Distt. Sambe-187 121 (J&K)

Plant 2 : G-24-30, Vigyan Nagar, RIICO Indl. Area, Shahjahanpur, Distt. Alwar-301 706 (Raj)

a. Brief details of the division(s) to be demerged;

The Demerged Company is having two core business undertakings viz. the High value 'Specialty chemicals' business and another is High volume 'Recycled Compounds and Trading Division'. Company's management has decided to Demerge the High Volume 'Recycled Compounds and Trading Division' (Demerged Undertaking) of Vikas Ecotech Limited (VEL) ("Demerged Company") and subsequent amalgamation with Vikas Multicorp Limited (VML) ("Resulting Company").

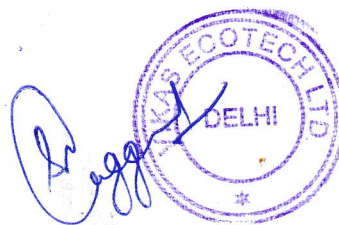
Demerged Division means such undertakings, properties, assets and liabilities, of whatsoever nature and kind and wheresoever situated, of the Demerged Company pertaining to its 'Recycled Compounds and Trading Division' (Demerged Undertaking).

b. Turnover of the demerged undertaking and as percentage to the total turnover of the listed entity in the immediately preceding financial year/ based on financials of the last financial year i.e. as on 31<sup>st</sup> March, 2017;

Name of the Companies	Turnover (Rs. in Lacs)	Percentage (%)
Demerged Undertaking – 'Recycled Compounds and Trading division'	12,226	33%
Remaining Business – 'Specialty Chemicals'	24,910	67%
<b>Total Turnover</b>	<b>37,136</b>	<b>100%</b>

c. Rationale for the Scheme of Arrangement/ Demerger:

- Vikas Ecotech Limited ('VEL' or 'Demerged Company') has two core business verticals viz. High Value Specialty chemicals business (Remaining Business) and another is the High Volume 'Recycled Compounds and Trading Division' (Demerged Undertaking). Both the verticals have their own strengths and dynamics although, the nature of businesses of the two verticals are unconnected and distinct. It is being felt that each of the business vertical has the potential of being developed into a parallel, scaleable and independently profitable business but, requires a focused management and long term business plan. Thus, the management has contemplated the segregation of the two verticals.



- Vikas Multicorp Limited ('VML' or 'Resulting Company') is a group company and a part of the promoter group of Vikas Ecotech Limited (VEL or Demerged Company). The business of Resulting company is similar to the business of the Demerged Undertaking. Hence in order to unlock the true value of each of the business verticals and achieve expansion in segment, the management of the both the companies have decided to Demerge the 'Recycled and Trading Compounds Division' from VEL and amalgamate with VML. This would enable the VEL and VML both to gain economies of scale and unify all shareholder interests and eliminate any conflict of interests. Both the businesses would have separate and different sets of management, staff and facilities – each of which would be designed in alignment with its own business needs.
- The dynamic and diversified nature of the industry in which the Company operates and external factors including performance of financial markets, exchange or interest rate fluctuations, business environment and government policies etc. have varied effects on the growth prospects of different verticals of the Company. Thus, the Demerged entities would be able to revise its business plans and priorities from time to time thereby, ensuring speedy and profitable growth of the Company and enhance shareholder's wealth.
- Further, economic environment, capital market dynamics, the Investor community for the two divisions i.e. the High Value 'Specialty chemicals' and High Volume 'Recycled Compounds and Trading Division' are different. Thus, to ensure better focus of management for the growth of both the divisions, to create independent legal entities for each division, to enable each of the businesses to achieve upto One thousand crores topline in their own sphere of operations the Board of Directors of both Companies are of the opinion that Scheme of Arrangement for Demerger of 'Recycled Compounds and Trading Division' from Demerged Company and consequently amalgamating the same with Vikas Multicorp Limited (Resulting Company) would be beneficial to the shareholders, creditors, employees and all the stakeholders at large.
- The proposed reconstruction will add better value to the businesses and create fresh opportunities as under :
  - Resulting Company will be able to focus on High Volume 'Recycled Compounds and Trading Division' (Demerged Undertaking);



- Demerged company will be able to focus on High Value Specialty chemicals (Remaining Business) and other residuary business;

Further, the listing of the equity shares of Resulting Company on the stock exchanges on which shares of the Demerged Company are listed would help the shareholders of Demerged Company to unlock the value of their shares.

**d. Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length".**

Yes, the Companies involved in proposed scheme of arrangement are controlled by same promoters. However, the transaction is based on independent fair valuation of shares of the Resulting Company and Demerged Undertaking of the Demerged Company and will be subject to approval of National Company Law Tribunal of relevant jurisdiction, Securities Exchange Board of India, various statutory approvals, Stock Exchanges, Shareholders and Creditors.

Also, MCA vide its Circular No. 30/2014 dated 17th July 2014, has clarified that transactions arising out of compromises, arrangements and amalgamations dealt with under specific provisions of the Companies Act, 1956/ Companies Act, 2013, would not attract the requirements of section 188 of the Companies Act, 2013.

**e. Brief details of change in shareholding pattern (if any) of both the entities;**

**Pre and Post Shareholding Pattern of the Demerged Company:**

Particulars	Pre-Arrangement (% Holding)	Post-Arrangement (% Holding)
- Promoters	39.52	39.52
- Non- Promoters	60.48	60.48
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**Pre and Post Shareholding Pattern of the Resulting Company:**

Particulars	Pre-arrangement (% Holding)	Post-arrangement (% Holding)
- Promoters	100.00	74.49
- Non- Promoters	-	25.51
<b>Total</b>	<b>100.00</b>	<b>100.00</b>



**f. Share Entitlement Ratio for Demerger:**

*The Resulting Company will issue 1 (One) Equity Share of Re. 1/- (Rupee One) each at par in Resulting Company for every 1 (One) Equity Shares of Re. 1/- (Rupees One) each held by the shareholders of Demerged Company.*

**g. Whether listing would be sought for the Resulting Entity:**

Yes, the shares of the Resulting Company i.e. Vikas Multicorp Limited, shall be listed on the stock exchanges where the shares of the Demerged Company are listed.

A handwritten signature in blue ink is written over a circular purple stamp. The stamp contains the text "VIKAS ECOTECH LTD" around the top edge and "DELHI" in the center, with a small star at the bottom. The signature appears to be "S. Singh".