

ASIAN HOTELS (EAST) LIMITED

CIN : L15122WB2007PLC162762

Regd. Office : Hyatt Regency Kolkata Hotel, JA-1, Sector - III, Salt Lake City, Kolkata - 700 106, W.B., India

Tel: 033 6820 1344 / 1346, Fax : 033 2335 8246, E-mail : clocs@sarafhotels.com, Website : www.ahleast.com

COMPUTATION OF THE COST OF ACQUISITION AND DETERMINING THE DATE OF ACQUISITION OF THE SHARES FOR THE PURPOSES OF THE INCOME TAX ACT 1961

The Scheme of Arrangement and demerger amongst Asian Hotels (East) Limited (Asian) and Robust Hotels Private Limited (Robust) and their respective shareholders and creditors (Scheme) has been duly sanctioned by the Hon'ble NCLT Kolkata Bench and Chennai Bench vide their Orders dated 29th August, 2022 and 13th October, 2021 respectively. Accordingly, against your shares held in Asian as on the Record Date i.e. 7th October, 2022, new shares of Asian and Robust has been issued as under:

- i.) 1 (one) fully paid-up bonus share for every 2 (two) equity shares of Asian to its shareholders (as of the Record Date)
- ii.) 1 (one) fully paid-up new equity share of Robust for every 1 (one) equity share held by the shareholder of Asian (as of the Record Date) post issue of bonus shares

In terms of the Scheme, the assets and liabilities of the Securities Trading Unit of Asian have been transferred to Robust at values appearing in the books of account of Asian at the close of business of 21st September, 2022 being the Appointed Date as well as the Effective Date.

In this regard, please note the following:

SPLIT OF COST OF ACQUISITION OF SHARES IN ASIAN:

1. Allotment of the new shares in Robust as aforesaid, is not regarded as 'transfer' in the hands of the shareholders of Asian in view of the exemption granted under Section 47 (vid) of the Income Tax Act, 1961 ("Act").
2. In respect of the new shares of Robust, the date of acquisition for the purpose of capital gains in case of a shareholder will be the date of acquisition of the original shares of Asian for each shareholder as per Clause (g) in explanation 1 to section 2 (42A) of the Act.
3. With regard to the cost of acquisition of new shares in Robust, section 49 (2C) of the Act provides the formula for splitting the original cost of acquisition of shares of Asian between itself and the New Shares allotted in Robust. An extract of the provisions of section 49 (2C) is reproduced below for your reference:



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“The cost of acquisition of shares in the resulting company shall be the amount which bears to the cost of acquisition of the shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger.”

“Explanation- for the purpose of this section, net worth shall mean the aggregate of the paid-up share capital and general reserves as appearing in the books of accounts of the demerged company immediately before the demerge.”

4. With regard to the cost of acquisition of original shares in Asian, section 49(2D) of the Act provides the formula for splitting the original cost of acquisition of shares of Asian between New Shares allotted in Robust and original shares in Asian. An extract of the provision of section 49(2D) is reproduced below for your reference:

“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 so arrived at under sub-section (2C).”

For the purpose of determining the post demerger cost of acquisition of Equity Shares of Asian and the Resulting Company Robust under the Act, the shareholders are advised to apportion their pre-demerger cost of acquisition of Asian shares in the following manner:

Name of Company	% of Cost of Original Asian shares acquisition price
Asian Hotels (East) Limited	80.50%
Robust Hotels Limited	19.50%
Total	100.00%

Note: This document/information should be preserved carefully, as it will be relevant for calculating taxable capital gains under the Act on any transfer of shares in future. However, please note that this communication is for the benefit of the shareholders and Company takes no express or implied liabilities in providing the guidance. Kindly consult your tax advisors, having regard to the facts of your case.



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