

To,
The Board of Directors,
Jindal Photo Limited,
Delhi.

We M/s B.K. Shroff & Company, Chartered Accountants, have examined the method for calculation of acquisition cost for shareholders of in pursuance to the scheme of demerger between **Jindal Photo Limited (JPL)** having its registered office at 260/23, Sheetal Industrial Estate, Demani Road, Dadra 396193 and **Jindal Poly films limited (JPFL)** having its registered office at 19th K M Hapur Bulandshahr Road, P.O.: Gulaothi, Distt. - Bulandshahr, Uttar Pradesh.

This Certificate is issued at the request of the company, based on valuation report dated 12th January, 2015 and according to the information and explanations given to us, to examine and certify about the method of calculation of the cost of acquisition to the Resulting Company's (JPFL) shares and cost of acquisition of JPL's shares as per the subsection 2C and 2D of section 49 of the Income Tax Act, 1961.

Cost of shares acquired in the scheme of demerger (S. 49):

- i) 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 bears to the net worth of the demerged company immediately before such demerger [Section 49(2C)].
- ii) 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 49 (2C) [Section 49(2D)].

In terms of the Scheme, the assets and liabilities relating to the Demerged Undertaking have been transferred to the JPFL at values as appearing in the books of accounts of JPL as on the appointed date i.e. 1st April 2014.

The cost of acquisition in respect of each shareholder will be different. The formula for ascertaining cost of acquisition in each case in JPFL as provided in section 49(2C) of the Income Tax Act, 1961 will be as under:-

Cost of acquisition of shares in JPFL = Cost of acquisition of shares in JPL x Net book value of assets transferred to JPFL

Net worth of JPL

The provision of sub section (2D) of section 49 states that, the cost of acquisition of original shareholding in the Demerged Company is deemed to have been reduced by the amount



calculated as per the provisions of sub section (2C) of the section 49 of the Income Tax Act, 1961. Accordingly, the cost of acquisition of the shares of JPL in the hands of the respective shareholders will be reduced by the cost of acquisition ascertained for the shares in JPFL.

For the purpose of determining the post demerger cost of acquisition of equity shares of JPL and JPFL under the Income Tax Act, 1961, the shareholders are advised to apportion their pre demerger cost of acquisition of JPL shares in the following manner:-

Name of the Company	Net Assets (Rs. In Million)	% of Cost of Acquisition of JPFL Shares
JPL	2344.32	77.92%
JPFL	664.29	22.08%
Total	3008.61	100.00%

For instance, if a shareholder holds 59 shares of Rs. 10 each in the Demerged Company (JPL) before the demerger became effective, and the cost of acquisition of the same is Rs. 100 per share, he/she will be issued / allotted 10 shares of Rs. 10 each in the Resulting Company (JPFL) and will continue to hold 59 shares in JPL. The proportionate cost of acquisition of 10 shares of Rs. 10 each in JPFL will be Rs. 1302.70 (Rs. 5900* 22.08%) and that of 59 shares of JPL will be Rs. 4597.30 (5900*77.92%). Therefore the individual cost of acquisition of each share of JPFL would be Rs. 130.27 (i.e. 1,302.70/10) and the cost of acquisition of each share in JPL would be Rs. 77.92 (i.e. 4597.30/59).

In respect of new shares JPFL, 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 JPL for each shareholder as per clause (g) in Explanation 1 to section 2 (42A) of the Income Tax Act, 1961.

Further, as per provisions of section 47(vi)(d) of the Income Tax Act, 1961, the issue of shares by the resulting company, in a scheme of demerger to the shareholders of the Demerged Company in consideration of demerger of the undertaking will not be regarded as transfer. Accordingly, date of acquisition of shares of the Resulting Company will be deemed to be the date when the equity shares of the Demerged Company (JPL) were acquired.

For B.K. Shroff & Company
Chartered Accountants

Sanjiv Aggarwal
Partner

Membership No. : 85128



Place: New Delhi
Date: 27th July, 2016
Certificate No: BKS/DL/2016-17/53