

To Whomsoever It May Concern

Note on computation of cost and period of holding of shares received on Demerger

Cost of Acquisition:

As per the provisions of Section 49(2C) of the Income Tax Act 1961, the cost of acquisition of shares in the Resulting Company (Universus Photo Imagings Limited i.e. UPIL) shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged Company (Jindal Poly Films Limited i.e. JPFL) the same proportion as the net book value of assets transferred in a demerger bears to the Net worth of the demerged company (JPFL) immediately before such demerger.

Name of the Company	Net Assets as on 31.03.2019 (Rs in Crore)	% of Cost of Acquisition of JPFL Shares
Jindal Poly Films Limited	1,327.28	90.98%
Universus Photo Imagings Limited	131.57	9.02%
Total	1,458.85	100.00%

Example

Name of the Company	No. of Shares	Original Cost per share	Total Original Cost	New Cost	New Cost per share
Jindal Poly Films Limited	4	100	400	363.92 (90.98%)	90.98
Universus Photo Imagings Ltd.	1	-	-	36.08 (9.02%)	36.08

Period of holding:

According to section 2(42A)(g) of the Income Tax Act 1961, in the case of a capital asset, being a share or shares in an Indian company, which becomes the property of the assessee in consideration of a demerger, there shall be included the period for which the share or shares held in the demerged company were held by the assessee

Grand Fathering of cost :

As per section 55(2)(ac) of the Income Tax Act 1961, subject to the provisions of sub-clauses (i) and (ii) of clause (b), in relation to a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust referred to in section 112A, acquired before the 1st day of February, 2018, shall be higher of—



- a) the cost of acquisition of such asset; and
b) lower of—
(i) the fair market value of such asset; and
(ii) the full value of consideration received or accruing as a result of the transfer of the capital asset

Fair market value in a case of an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer shall be

“an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later;”

In the above example if we assume shares of JPFL were acquired prior to 01.04.2001, the Fair market value of shares of Universus Photo Imagings Ltd. shall be :- $36.08 * 272 / 100 = 98.14$

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