

**For the attention of the Equity Shareholders of Jindal Saw Limited and JITF Infralogistics Limited as  
on the Record date**

Jindal Saw Limited ("JSL" / "Demerged Company 1" / " Resulting Company 2") entered into a Composite Scheme of arrangement ("Scheme") with JITF Infralogistics Limited ("JIL" / "Resulting Company 1") and JITF Waterways Limited ("JWL/ "Demerged Company 2"/ "Transferee Company") and JITF Shipyards Limited ("JSYL"/ " Transferor Company") under the provisions of Sections 391-394 read with Sections 100-103 and other applicable provisions of Companies Act, 1956 and / or Sections 230-233 and other relevant provisions of Companies Act, 2013 as applicable. The Scheme was sanctioned by the Hon'ble High Court of Judicature at Allahabad vide its order dated July 08, 2016 and the certified copy of the order was filed with the Registrar of Companies (ROC), Kanpur on August 05, 2016 by JSL , JIL, JWL and JSYL and accordingly, Section I (i.e. demerger of Infralogistics division) and Section II (Amalgamation of shipyards business in JWL) and Section III (demerger of Ocean Waterways business in JSL) of the Scheme became effective on August 05, 2016 with effect from the Appointed Date i.e. opening of business hours as on April 01, 2015.

For the Section I of the Scheme relating to demerger of business undertaking, the Board of JSL & JIL has fixed August 27, 2016 as the Record Date to determine the shareholders of JSL who are entitled to the equity shares of JIL pursuant to the Scheme. The share entitlement ratio as envisaged under Para 4.3 of Section I of the Scheme. The extract of Para 4.3 of Section I of the scheme is mentioned below:

***"The respective boards of directors of the Demerged Company 1 and the Resulting Company 1 or committees thereof have determined the share entitlement ratio such that for every 622(Six Hundred twenty two)equity shares of face value Rs.2(Rupees two) each held in the Demerged Company 1 as on the Demerger 1 Record Date, the equity shareholders of the Demerged Company 1 shall be issued 50(Fifty) equity share of face value Rs.2(Rupees Two only) each credited as fully paid-up in the Resulting Company 1. Accordingly, a total of 2,57,03,737 (two crores fifty seven lakhs three thousand seven hundred and thirty seven) equity shares of face value Rs.2 (Rupees Two only) each will be issued to the shareholders of Demerged Company 1. The Resulting Company 1 shall, without any further act, instrument or deed, issue and allot to every equity shareholder of the Demerged Company 1 as on the Demerger 1 Record Date, the requisite number of equity shares in the Resulting Company 1. The said equity shares in the Resulting Company 1 to be issued to the shareholders of the Demerged Company 1 pursuant to this Clause shall rank paripassu in all respects with the existing equity shares of the Resulting Company1."***

As on the Record Date, the Board of JIL has in their meeting held on September 7, 2016 allotted 2,57,03,737 Equity Shares of Rs. 2 each to the shareholders of JSL whose name were appearing in the register of members of JSL as on the Record Date.

Section 49 of the Income Tax Act, 1961 ("Act") deals with the cost of capital assets with reference to certain modes of acquisition, including demerger. We wish to inform the shareholders the proportionate cost of acquisition of the equity shares of JIL received pursuant to the Scheme vis-à-vis the cost of acquisition of the equity shares of JSL for the purpose of computing the capital gain / loss as per the provisions of the Act.



Regulatory provisions:

**Cost of acquisition of equity shares of JIL: Section 49(2C) of the Act**

*"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."*

**Cost of acquisition of equity shares of JSL: Section 49(2D) of the Act**

*"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 (2C)."*

The net worth of JSL as on March 31, 2015 (i.e. networth of the demerged / transferor company immediately before such demerger) was Rs. 3,923.00 Crores. Further, the net book value of the assets transferred by the demerged company by way of demerger is Rs. 315.54 Crores. Thus the proportion of the net book value of the assets of JSL demerged into JIL vis-à-vis the net worth of JSL immediately before such demerger will be 8.04%.

Based on expert's opinion obtained by the company, to determine post demerger cost of acquisition of equity shares of JSL & JIL in accordance with the provisions of Section 49(2C) & 49(2D) of the Act, the cost of acquisition for shareholders of JSL holding equity shares as on the Record Date be apportioned in the following manner to arrive to arrive at the proportionate cost of acquisition of the equity shares of JSL & JIL:

Name of Company	%age of the cost of acquisition of equity shares of JSL
JITF Infralogistics Limited (as under Section 49(2C) of the Act	8.04%
Jindal Saw Limited (as under Section 49(2D) of the Act	91.96%
<b>Total</b>	<b>100.00%</b>

Further, in terms of clause (g) of the Explanation 1 to the sub-section 42A of Section 2 of the Act, the period for which the shares were held in the demerged company shall be included in the period for determining the period for which such shares were held by any assessee.

  
  
 Sunil K Jain  
 Company Secretary  
 Jindal Saw Limited

Date: September 9, 2016

*This disclosure is made by JSL & JIL to their shareholders for the purpose of clarification on the cost of acquisition per share individually for JSL & JIL as per the requirement of the Income Tax Act, 1961. This is merely for the guidance of the shareholders and should not be considered as a substitute for any independent opinion that the shareholders may obtain and JSL and JIL or their management takes no express of implied liability in relation to this guidance. The shareholders are advised to seek legal opinion or consult their financial advisors, should they feel it necessary.*

*The above statement sets out the provisions of law as on present date in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares of JSL and / or JIL.*