

COST OF ACQUISITION IN ACCORDANCE WITH SECTION 49(2C) AND 49 (2D) OF THE INCOME TAX ACT, 1961

To
The Shareholder of
Surana Telecom and Power Limited & Bhagyanagar Properties Limited

This communication is being issued for general guidance of the shareholders for computing the proportionate cost of acquisition of the Equity Shares of Surana Telecom and Power Limited (STPL) & Bhagyanagar Properties Limited (BPL) vis-à-vis the cost of acquisition of the original Equity Shares of Bhagyanagar India Limited (BIL) for the purpose of computing the capital gain/loss as per the provisions of the Income Tax, 1961 arising upon sale of Equity Shares.

Section 49(2) of Income Tax Act, 1961 provides that the cost of acquisition of the shares of STPL & BPL is to be computed by applying of the net book value of the assets of the Solar Undertaking and Real Estate Undertaking to the net worth of the BIL immediately before the Demerger. Accordingly, the cost of acquisition of the Equity Shares of the BIL shall be original cost of acquisition reduced by the cost of acquisition ascertained for the shares of STPL & BPL under section 49(2D) of Income Tax Act, 1961.

In terms of the Scheme, the Assets and Liabilities of the Solar Undertaking and Real Estate Undertaking of BIL have been transferred to STPL & BPL respectively at value appearing in the books of accounts of BIL at the close of business hours of 1st April, 2016, being the Appointed Date. The book value of the Net Assets transferred by BIL to STPL & BPL was ₹ 2313.35 lakhs and ₹ 9846.31 lakhs respectively and the book value of the Net Assets that remained was ₹ 8671.39 lakhs.

For the purpose of determining the post demerger cost of acquisition of Equity Shares of BIL and the Resulting Companies STPL & BPL under the Act, you are advised to apportion your pre-demerger cost of acquisition of BIL shares in the following manner:

Name of Company	% of Cost of acquisition
Bhagyanagar India Limited (BIL)	41.62 %
Surana Telecom and Power Limited (STPL)	11.11 %
Bhagyanagar Properties Limited (BPL)	47.27 %
Total	100.00 %

Please note that this communication pertaining to cost of acquisition is merely for the general guidance of the shareholders and should not be considered as a substitute for any Independent opinion that the shareholder may obtain. The concerned regulatory, statutory or judicial authority, including any assessing officer/appropriate appellate authority, could take a different view. The Company takes no express or implied liability in relation to this guidance.

Further note that if there is any change, including change having a retrospective effect in statutory laws or regulations, the comments expressed in this communication would necessarily have to be re-evaluated in the light of changes the company does not take the responsibility of updating this communication at any time in future.

Thanking You,
Yours Faithfully,

For **Surana Telecom and Power Limited**
Sd/-
Narender Surana
Managing Director

For **Bhagyanagar Properties Limited**
Sd/-
Devendra Surana
Whole-time Director