

## **BHAGYANAGAR INDA TO DEMERGE IT'S SOLAR BUSINESS & REAL ESTATE BUSINESS INTO SURANA TELECOM AND BHAGYANAGAR PROPERTIES**

The Board of Directors of Bhagyanagar India Limited (**Bhagyanagar India**) and Surana Telecom and Power Limited (**Surana Telecom**) and Bhagyanagar Properties Private Limited (**Bhagyanagar Properties**) in their respective meetings held today approved a proposal to demerge the Solar Business of Bhagyanagar India into Surana Telecom, and Real Estate Business in to Bhagyanagar Properties.

Pursuant to the scheme of arrangement, the existing shareholders of Bhagyanagar India for every 6 (six) equity shares will continue to hold 3 (three) equity shares of Rs.2/- each of Bhagyanagar India and will get 4 (four) equity shares of Re.1/- each of Surana Telecom and 3 (three) equity shares of Rs.2/- each of Bhagyanagar Properties.

### **The Scheme of Arrangement:**

According to the Scheme of Arrangement approved by the respective Board of Directors, the demerger is proposed to be undertaken through a Court Approved Scheme of Arrangement under sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 2013/ 1956, if any. The appointed date for the transaction is 1<sup>st</sup> April, 2016.

Under the Scheme, Bhagyanagar India will transfer its Solar Business to Surana Telecom, and Real Estate Business to Bhagyanagar Properties. In consideration, Surana Telecom will issue 2 (two) equity shares of Re.1/- each credited as fully paid up to the shareholders of Bhagyanagar India for every 3 (three) equity shares they hold in Bhagyanagar India as of the Record Date; as well for consideration of transfer of real estate business, Bhagyanagar Properties will issue 1 (one) equity share of Rs.2/- each credited as fully paid up to the shareholders of Bhagyanagar India for every 1 (one) equity share they hold in Bhagyanagar India as of the Record Date.

As part of the scheme of arrangement, the existing paid up share capital of Bhagyanagar India is proposed to be reduced to 50% of 6,39,90,000 equity shares of Rs.2/- each (i.e., 3,19,95,000 equity shares of Rs.2/- each), without affecting overall holding levels of Promoters and Public.

Post the scheme, the promoters' shareholding in Bhagyanagar India & Bhagyanagar Properties will remain 74.21% as earlier and in case of Surana Telecom it will reduce from 74.59% to 72.42%.

M/s Karvy Financial Services Ltd, Merchant Bankers has provided a fairness opinion based on the valuation report of M/s Komandoor & Co, Chartered Accountants, Hyderabad.

### **Listing:**

On completion of the demerger, Bhagyanagar Properties is proposed to be listed in BSE and NSE after the scheme is made effective.

### **Advisors to the Restructuring:**

M/s V.S.Raju & Co., Advocates & Advisors, Hyderabad are legal advisors to the restructuring.

### **Approval of the Hon'ble High Court:**

The proposed Scheme of Arrangement will be subject to the approval of the Hon'ble High Court of Andhra Pradesh and Telangana at Hyderabad. The restructuring will be further subject to various statutory approvals, including those from the shareholders and the lenders/creditors.

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