LETTER OF OFFER
This Document is important and requires your immediate attention

This Letter of offer is sent to you as a shareholder(s) of Bhagyanagar Castings Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or CIL SECURITIES LIMITED "Managers to the Issue". In case you have recently sold your shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum acknowledgement, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected."

CASH OFFER AT Rs. 7.00 /- (RUPEES SEVEN ONLY) PER FULLY PAID-UP EQUITY SHARE OF Rs. 10/ - (RUPEES TEN ONLY) EACH
[Pursuant to Regulation 10 & 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto]

TO ACQUIRE

upto **11, 31,400** Fully Paid Equity Shares (being 20 % of Subscribed Capital) at Rs 7.00/- (Rupees Seven only) per Fully Paid Equity Share of

Bhagyanagar Castings Limited (Target Company/BCL)
(Registered Off: **MIG-397, Road No. 5, KPHB Colony, Kukatpally, Hyderabad - 500 072**, Ph No. 91-040-23057862, Fax No. 91-040-23057862, E-mail:bhagyanagarcastings@rediffmail.com .

BY

Mr M Srinivasa Reddy **, S/o** Mr Venki Reddy , Resident of EWS-941, Phase II, KPHB Colony, Hyderabad, Andhra Pradesh – 500072, Ph No.91- 040-32906646, Fax: 040-23097323, E-mail: farmax_india@yahoo.com (Acquirer)

Note : The shareholders holding 32, 53,000 Partly paid-up equity shares shall be eligible to participate in the offer provided they pay the allotment money of Rs 7.50/ - per share along with the interest @ 15% per annum from the date of allotment till the date of payment.

1. The offer is subject to the approval of RBI under the Foreign Exchange Management Act, 1999 for acquiring shares tendered by NRIs/FIIs/OCBs. No other approval is required to be obtained from Banks/Financial Institutions for the offer
2. Besides this, as on this date to the best of the knowledge of the Acquirer, no other statutory approvals are required to acquire the Shares tendered pursuant to this Open Offer. However, the Open Offer would be subject to all statutory and such other approvals that may be applicable at a later date.
3. The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the closure of the Offer, in terms of Regulation 22(12) of the Regulations. In the case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to the Acquirer agreeing to pay interest for the delayed period to the shareholders as directed by SEBI. Further if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.
4. In case the required RBI approvals for shares tendered by NRIs/FIIs/OCBs are not submitted/ obtained, the Acquirer reserves the right to reject such Shares tendered. The Acquirer shall withdraw this offer if the statutory/other approval(s) which shall become applicable at a later date, as specified in point no.2 above, is refused as provided in regulation 27 of the SEBI (SAST) Regulations 1997
5. Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public announcement / Letter of offer, can withdraw the same upto three working days prior to the date of the closure of the offer i.e Wednesday,11th July 2007.
6. Upward revision or withdrawal, if any, of the offer would be informed by way of Public Announcement in the same newspapers where the Original Public Announcement has appeared. The last date for such revision will be Thursday, 05th July 2007 (regulation 26). The same price would be payable by the Acquirer for all the shares tendered anytime during the offer.
7. **If there is competitive bid:**
   -The public offers under all the subsisting bids shall close on the same date.
   - As the offer price can not be revised during 7 working days prior to the closing date of the offers / bids (i.e Thursday, 05th July 2007**) , it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly**
8. **This is not a competitive bid.**
9. The Offer is not subject to any minimum level of acceptance and is not a conditional offer.
10. A copy of Public Announcement, Corrigendum Public Announcement and Letter Of Offer (including form of acceptance cum acknowledgment) is also available on SEBI's web-site (www.sebi.gov.in) from the Offer Opening Date, i.e., Wednesday,27th June 2007

MANAGERS TO THE OFFER

CIL Securities Limited
#214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001
Phone No: 040 23202465/ 3155 , Fax: 040 23203028,
Email: cilsec@rediffmail.com
Contact Person: Mr B.M. Maheshwari, President

OFFER OPENS ON: Wednesday,27th June 2007	**OFFER CLOSES ON:** Monday,16th July 2007

SCHEDULE OF ACTIVITIES

Activity	Current Day and Date	Revised Day and Date
Public Announcement Date	Monday, 05th March 2007	Monday, 05th March 2007
Last date for a Competitive Bid	Sunday, 25th March 2007	Monday, 26th March 2007
Specified Date *	Saturday, 31st March 2007	Saturday, 31st March 2007
Date by which Letter of Offer to be dispatched to Shareholders	Thursday, 12th April 2007	Monday, 18th June 2007
Date of opening of the Open Offer	Friday, 20th April 2007	Wednesday,27th June 2007
Last date for revising the Offer Price / number of shares	Thursday,26th April 2007	Thursday, 05th July 2007
Last date for withdrawing acceptance from the Open Offer	Friday, 04th May 2007	Wednesday,11th July 2007
Last date of closing of the Open Offer	Wednesday, 09th May 2007	Monday,16th July 2007
Last date of communicating rejection / acceptance and payment of consideration for accepted tenders	Thursday, 24th May 2007	Tuesday ,31st July 2007

* Specified Date is only for the Purpose of determining the names of shareholders as on such date to whom the letter of offer would be sent.

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Risk Factors

A) Risk relating to transaction

1. The Share Purchase Agreement (Agreement) contains a clause that it is subject to the provisions of SEBI (SAST) Regulations (Regulations) and in case of non-compliance with any of the provisions of the Regulations, the Agreement for such sale shall not be acted upon by the Sellers or the Acquirer.

B) Risk relating to the offer

1. If the aggregate of the valid responses to the offer exceeds offer size, then the acquirer shall accept the valid application on a proportionate basis in accordance with Regulation 21(6) of the Regulations. In such an event all equity shares tendered by the applicant may not be accepted.
2. In the event that either (a) a regulatory approval is not received in a timely manner, (b) there is any litigation leading to stay on the Offer, or (c) SEBI instructs the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of BCL whose Shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer may be delayed. In case of the delay, due to non-receipt of the statutory approvals, as per Regulation 22(12) of the Regulations , SEBI, may, if satisfied that the non- receipt of approval was not due to the willful default or negligence or failure to diligently pursue on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by the SEBI. Further, shareholders should note that after the last date of withdrawal i.e., Wednesday,11th July 2007, the shareholders who have lodged the shares would not be able to withdraw them even if the acceptance of the Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Managers to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed. The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirer under the Offer. The Acquirer may not be able to proceed with the Offer in the event the approvals are not received in terms of the Regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the offer.

C) Risk involved in associating with the Acquirer

1. The Acquirer is not having any previous experience in the activities in which the Target Company primarily operates.
2. The Acquirer is contemplating to enter into FMCG Sector. The Acquirer is already into the FMCG business through Farmax Health and Food Products Private Limited (Company promoted by him) thereby there would be conflict of interest.
3. The Acquirer propose to acquire ownership and control of Target Company by the direct acquisition of 54.91 % of the voting capital of Target Company from the Promoter Group of the Target Company pursuant to the Share Purchase Agreement. The Acquirer makes no assurance with respect to the financial performance of the Target Company.

Definitions

Acquirer	Mr M Srinivasa Reddy
ASE	Ahmedabad Stock Exchange Limited
Board/Board of Directors/ Directors	Board of Directors of Bhagyanagar Castings Limited
HSE	The Hyderabad Stock Exchange Limited
Managers to the Offer/CIL	CIL Securities Limited
Number of Shares acquired through Share Purchase Agreement	13,20,000 Fully Paid Equity Shares of Rs 10/-each and 17,80,000 Partly Paid Equity Shares on which Rs 2.50/- is paid up
Offer	Open cash offer to acquire upto 11, 31,400 Fully Paid Equity Shares (being 20 % of Subscribed Capital) at Rs 7.00/- (Rupees Seven only) per Fully Paid Equity Share.
Persons eligible to participate in the Offer	All Equity Shareholders holding Fully Paid Equity Shares (except the parties to the Share Purchase Agreement) are eligible to participate. The shareholders holding 32, 53,000 Partly paid-up equity shares shall be eligible to participate in the offer provided they pay the allotment money of Rs 7.50/- per share along with the interest @ 15% per annum from the date of allotment till the date of payment.
Public Announcement/PA	Public Announcement for the Open Offer released on behalf of the Acquirer on Monday, 05th March 2007
Regulations or Takeover Regulations or SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and takeovers) Regulation 1997 and subsequent amendments thereof
SEBI	Securities and Exchange Board of India
Sellers/Promoters	Mr P Ramesh Babu and Mr TVVSN Murthy
Share Purchase Agreement	Agreement dated Thursday, 01st March 2007 entered into between Acquirer and the Promoters of BCL (as defined therein)
Target Company/BCL	Bhagyanagar Castings Limited

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WH ETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF BHAGYANAGAR CASTINGS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLE ARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DI LIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, CIL SECURITIES LIMITED, HYDERABAD HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 15/03/2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 1997 AND SUBSEQUENT AMENDEMENT (S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. "

2. DETAILS OF THE OFFER

2.1 Background of the offer

2.1.1 Mr M Srinivasa Reddy **, S/o** Mr Venki Reddy , Resident of EWS-941, Phase II, KPHB Colony, Hyderabad, Andhra Pradesh – 500072, Ph No.91- 040-32906646, Fax: 040-23097323, E-mail: farmax_india@yahoo.com is making an open offer to the shareholders of M/s Bhagyanagar Castings Limited, pursuant to Regulation 10 and 12 of SEBI (SAST) Regulations for the purpose of substantial acquisition of Shares with change in control & management of the Target Company. There are no Persons Acting in Concert ("PAC") with the Acquirer for the purpose of this offer.

2.1.2 The Acquirer has entered into a Share Purchase Agreement dated Thursday, 01st March 2007 with Promoter Group of Bhagyanagar Castings Limited (whose details are given in the table below) to acquire from them 31,00,000 Equity Shares of Rs.10/- each (consisting of 13,20,000 Fully Paid Equity Shares and 17,80,000 Partly Paid Equity Shares on which Rs 2.50/- is paid up) of Bhagyanagar Castings Limited representing aggregate of 54.80% of the Subscribed Equity Share Capital (54.91% of Voting Capital) ("the acquisition") for cash at a price of Rs. 1.00 /- (Rupees One only) for Fully Paid Equity Share and Re 0.25(Paisa Twenty Five Only) for Partly Paid Equity Shares ('the negotiated price')..

S.NO	Name of the Member of Promoter Group	Address of the Member of Promoter Group	Telephone No	Fax No.	No of Equity Shares	Percentage of Subscribed/Voting capital	Amount @Rs 1.00 per fully paid equity share and Re 0.25/- per partly paid share.
1.	P Ramesh Babu	Plot No 186,Road No 15, Jubilee Hills , Hyderabad – 500 033.	040-23740508	040-23732709	Fully Paid up – 6,70,000 Partly paid up – 9,00,000 Total – 15,70,000	27.75/27.87	8,95,000
2.	TVVSN Murthy	Plot No10C, 'C' Type Road No 8, Film Nagar, Hyderabad – 500 033.	040-23746059	040-55364417	Fully Paid up – 6,50,000 Partly paid up – 8,80,000 Total – 15,30,000	27.05/27.04	8,70,000
			Total		Fully Paid up – 13,20,000 Partly paid up – 17,80,000 Total – 31,00,000	**54.80/54.91**	**17,65,000**

The Total amount to be paid by the acquirer for acquiring 13,20,000 Fully paid Equity Shares and 17,80,000 Partly Paid Equity Shares under the Share Purchase Agreement is Rs 17,65,000/- (Rupees Seventeen Lacs Sixty Five Thousand only)

The Target Company has 32, 53,000 Partly Paid Equity Shares (Rs 2.50/- Paid up).The Partly Paid Equity Shares do not carry voting rights. As per Regulation 59 of Table A of Schedule I of the Companies Act, 1956, no member shall be enti tled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

2.1.3 Salient features of the Share Purchase Agreement:

1. The Acquirer shall acquire 31,00,000 Equity Shares of Rs 10/- each (consisting of 13,20,000 Fully Paid Equity Shares and 17,80,000 Partly Paid Equity Shares on which Rs 2.50/- is paid up) from the Promoter Group of M/s Bhagyanagar Castings Limited. The Purchase consideration for the shares shall be Re 1/- (Rupee One Only) for Fully Paid Equity Share and Re 0.25 (Paisa Twenty Five Only) for Partly Paid Equity Share. The aggregate Purchase Consideration for the Shares will be paid to the seller at the time of entering into this agreement.
2. In case of non –compliance of any of the provisions of the Securities Exchange Board of India Takeover Regulations, this agreement shall not be acted upon by either Party.
3. The Acquirer/ Seller have undertaken that if the public shareholding in the Company falls below the limit s pecified in listing Agreement with Stock Exchanges for the purpose of listing on continuous basis, pursuant to the agreement and Open Offer, the Acquirer will acquire only such number of shares under the agreement so as to maintain the minimum specified public shareholding in the Company.

2.1.4 The Acquirer, Sellers or Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11-B of the SEBI Act, and also not been violating any other regulations fram ed under the SEBI Act.

2.1.5 No Change in the Board of Director of the Target Company is Proposed after the offer as on the date of this letter of offer

2.2 The Offer

2.2.1 The Public Announcement dated Monday, 05th March 2007 and Corrigendum Public Announcement dated, Monday 11th June 2007 were made in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Languages	**Publication**	**Editions**
English	Financial Express	All Editions
Hindi	Hindi Milap	All Editions
Telugu	Andhra Prabha	All Editions

(The Public Announcement and Corrigendum Public Announcement are also available on the SEBI Website at http://www.sebi.gov.in/)

2.2.2 Since the total shares to be acquired under the Share-Purchase Agreement constitute 54.91% of the total voting capital of the Target Company which is more than 15% as prescribed under Regulation 10 of the Takeover Regulations and also resulting in change in control of the Target Company as prescribed under Regulation 12 of t he Takeover Regulations, it requires open of fer to be given by the Acquirer pursuant to Regulations 10 & 12 of the Takeover Regulations, to the shareholders of the Target Company. The Acquirer is now making this open offer to acquire upto 11, 31,400 Fully Paid Equity Shares of Rs. 10/- each, representing 20% of the Subscribed capital of the Target Company at a price of Rs.7.00 /- (Rupees Seven only) per Fully Paid Equity Share payable in cash, (" Offer").

Eligibility for Partly Paid Shareholders

The shareholders holding 32, 53,000 Partly paid-up equity shares shall be eligible to participate in the offer provided they pay the allotment money of Rs 7.50/- per share along with the interest @ 15% per annum from the date of allotment till the date of payment. The amount to be paid by partly paid shareholder is calculated as under

Particulars	Amount
Amount due on Allotment (per equity share)	Rs 7.50/-
Add Interest @ 15% from the date of allotment i.e 23-02-1997 till Specified date i.e 31-03-2007 (Rs 7.50* 15 %*10Years 1 Month)/100	Rs 11.25/- (Approx)
Total Amount to be paid by per equity share by shareholders holding partly paid equity shares to become eligible to participate in the offer.	Rs 18.75/-

2.2.3 The Offer is not subject to any minimum level of acceptance and is not a conditional offer.

2.2.4 The Acquirer do not hold any shares in the Target Company as on the date of this Letter of Offer. The Acquirer has not acquired any shares after the date of the Public Announcement till the date of this Letter of Offer.

2.2.5 **This is not a competitive bid.**

2.3 Object of the acquisition/ offer

2.3.1 This Open Offer to the Shareholders of the Target Company is being made, pursuant to Regulation 10 and 12 of SEBI (SAST) Regulations for the purpose of substantial acquisition of Shares with change in control and management of the Target Company.

2.3.2 Objects: The Object for acquisition of shares is to acquire the controlling stake in the Target Company.

2.3.3 Future Plans: The acquirer desire to amend the main objects of the Company to diversify the operations into the FMCG Industry in which acquirer possess the necessary skills and expertise and like to avail various growth opportunities in the FMCG Industry and thereby increase the value of stakeholders. The acquirer is yet to finalize on how he would implement the future plans.

3 BACKGROUND OF THE ACQUIRER (INCLUDING PACs, IF ANY)

3.1 Mr. M. SRINIVASA REDDY resident of 941, EWS, Phase – II, KPHB Colony, Kukatpally, Hyderabad, Andhra Pradesh – 500072 Tel : 040-32906646, is a diploma holder in mechanical engineering having vast experience for about 10 years in the areas of FMCG Sector. He is Managing Director of Farmax Health and Food Products Private Limited, a Hyderabad based FMCG Company. He does not hold directorships in any other Company. The Networth of Mr M. SRINIVASA REDDY as on 26th February 2007 is Rs 6,45,91,580 (Rupees Six Crores Forty Five Lacs and Ninty One Thousand Five Hundred and Eighty only) as certified by M/s. Kishore & Venkat Associates, Chartered Accountants, 130/2-RT, S R Nagar, Hyderabad-500038. (Membership No. 26845)

3.2 Brief information of the Acquirer is given hereunder:

Name & Residential Address	Relationship, if any, with other Acquirer	Net Worth , as Certified by Chartered Accountant	Companies in which is a Director.
Mr M Srinivasa Reddy S/o. Mr Venki Reddy 941, EWS, Phase – II, KPHB Colony, Kukatpally, Hyderabad, Andhra Pradesh – 500072	Not Applicable	Rs. 6,45,91,580 /- as on 26th February 2007 Certificate dated26th February 2007	Farmax Health and Food Products Private Limited- Managing Director

3.3 Since the Acquirer is not having any shares in the Target Company , the disclosures under Chapter II of Regulations are not applicable.

3.4 The Acquirer do not hold any position on the Board of any Listed Companies.

3.5 The Acquirer does not hold any controlling stake in any Listed Company .

3.6 Mr. M. Srinivasa Reddy has promoted M/s Farmax Health and Food Products Private Limited. Farmax Health and Food Products Private Limited was incorporated on 23/09/2002. The Main objects of M/s Farmax Health and Food Products Private Limited are as under

a) to manufacture, produce Herbal Health care products and all types of Food Products and also to do the trading of the above products and related services.
b) to carry on the business of manufacture and sale of the said herbal products and their preparations, and to deal as buyers and sellers of and dealers in all kinds of herbal and herbal preparations, and drugs whatsoever.
c) to carry on all or any of the businesses of chemists, druggists, chemical manufacturers, and traders, dry -salter, and exporters importers, and manufacturers of and dealers in herbal preparations.

3.7 The financial details as taken from the Audited Balance Sheets, of M/s Farmax Health Product Private Limited are as under :

(Rs In Lacs)

Particulars	31.03.2006	31.03.2005	31.03.2004
Equity capital	1.00	1.00	1.00
No of Shares (Nos)	10,000	10,000	10,000
Reserves (excluding revaluation reserves)	2.83	1.01	0.22
Total Income	69.60	32.46	37.56
Profit After Tax (PAT)	2.03	0.79	0.22
Earnings Per Shares in Rs (EPS) Formulae :(Profit After Tax / No of Shares)	20.35	7.90	2.22
Net Asset Value in Rs Formulae : (Equity Capital + Reserve) / No of Shares	38.3	20.1	12.2

Except Farmax Health and Food Products Private Limited, there are no other Companies /Firms promoted by the Acquirer

3.8 Farmax Health and Food Products Private Limited is not a sick industrial company

4. Disclosure required under Regulation 16(ix)

4.1 The acquirer undertake not to sell, dispose off or otherwise encumber any substantial asset of the target company except with the prior approval of the shareholders

4.2 As on the date of Public Announcement, the acquirer do not have any intention to dispose off or otherwise encumbrance of any assets of Target Company in succeeding two years except in ordinary course of business of the target company.

5. Option to the Acquirer in terms of Regulation 21(2)

As per Clause 40A of the Listing Agreement, the company is required to maintain on a continuous basis, public shareholding of at le ast 25% of the total number of issued shares of a class or kind, for every such class or kind of its shares which are listed. On Completion of the offer formalities the public shareholding of the Target Company shall not fall below the limit specified for the purpose of listing on continuous basis in terms of the Listing Agreement with the Stock Exchange, therefore the option available under Regulation 21 (2) of the Takeover Regulation is not applicable.

6. Background of the Target Company

6.1 Bhagyanagar Castings Limited was incorporated on November 08, 1995 and obtained its Certificate of Commencement of Business on November 29, 1995. In January 1997 ,the Company came out with Public Issue of 38,28,700 Equity Shares of Rs. 10/- each for cash at par. The Equity Shares of the Company got listed on The Hyderabad Stock Exchange Limited and the Ahmedabad Stock Exchange Limited. The objects of the Public Issue was to part finance the cost of the project to set up investment castings and sand casting units with a capacity of 900 Tonnes per annum and to meet the working capital requirements of the Company. The Proposed project was located about 25 Kms from Hyderabad in Bonthapally Village in Andhra Pradesh. The Registered office of the Target Company is at MIG-397, Road No. 5, KPHB Colony, Kukatpally, Hyderabad - 500 072, Ph No. 91-040-23057862, Fax No. 91-040-23057862, Email:bhagyanagarcastings@rediffmail.com . “Sand casting” is the process of production of objects by pouring molten material in to a cavity called a mould. “Investment Casting” is Casting metal into a mold produced by surrounding, or investing, an expendable pattern with a refractory slurry coating that sets at room temperature, after which the wax or plastic pattern is removed through the use of heat prior to filling the mold with liquid metal. With Investment Casting Process, critical shapes can be made with high accuracy.

6.2 The Target Company could not implement its project for setting up investment castings and sand casting units due to non -receipt of allotment money. The Company has no income as it has not yet commenced operations and as result, no profit & loss account has been drawn up.

6.3 The Target Company was initially promoted by Mr. B Balaji Viswanadh and Mr N. Sreenivasulu Cheety. On 04[th] February 2000, Mr P Ramesh Babu and Mr TVVSN Murthy have agreed to acquire from Mr B Balaji Viswanadh and Mr N. Sreenivasulu Cheety (the then promoters) their holding by way of a Share Purchase Agreement. Public Announcement was made to the Shareholders of the Target Company on 10[th] February 2000 and the Control of the management was changed to Mr P Ramesh Babu and Mr TVVSN Murthy in compliance with the Takeover Regulation.

6.4 As on the date of Public announcement the Authorised Share Capital of BCL is Rs 6,50,00,000/ - (Rupees Six Crores Fifty Lakhs Only) consisting of 65,00,000 Equity Shares of Rs. 10/ - each , the Issued Capital of the Company is Rs. 5,89,07,000/- (Rupees Five Crores Eighty Nine Lacs Seven Thousand only) consisting of 58,90,700 Equity Shares, the Subscribed Capital of the Company is Rs. 5,65,70,000 (Rupees Five Crores Sixty Five Lakhs Seventy Thousand Only) consisting of 56,57,000 Equity Shares of Rs. 10/- each and the paid-up capital of the Company is Rs. 3,21,72,500 (Rupees Three Crores Twenty One Lakhs Seventy Two Thousand Five Hundred Only) consisting of 24,04,000 Fully Paid Equity Shares and 32,53,000 Partly Paid Equity Shares (i.e. Rs. 2.50/-Paid Up). As per Regulation 59 of Table A of Schedule I of the Companies Act, 1956, no member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid. There are no outstanding convertible instruments as on the date of this Public Announcement .

6.5 Share capital structure of the target company

Paid up Equity Shares of Target company	No.of Shares/ voting rights	% of shares/voting rights
Fully paid up equity shares	24,04,000 / 24,04,000	42.50% / 100%
Partly paid up equity shares	32,53,000 / NIL	57.50% / NIL
Total paid up equity shares	56,57,000/24,04,000	100%/100%

Note: The Target Company has 32, 53,000 partly paid up equity shares (Rs 2.50/- Paid up).The partly paid up shares do not carry voting rights. As per Regulation 59 of Table A of Schedule I of the Companies Act, 1956, no member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

6.6 Current Capital Structure of the Company has been built up since inception as per the details given below:

Date of allotment	Shares issued		Cumulative paid up capital		Mode of allotment	Identity of allottees	Status of compliance
	Number	%	Shares	Capital			
08-11-1995	700	0.01	700	7000	Subscription to MoA	Promoters	Complied
21-03-1996	4,03,100	7.13	4,03,800	40,38,000	Further Issue	Promoters	Complied
25-03-1996	97,000	1.71	5,00,800	50,08,000	Further Issue	Promoters	Complied
27-02-1997	88,500	1.56	5,89,300	58,93,000	Further Issue	Promoters	Complied
27-02-1997	14,72,700	26.04	20,62,000	2,06,20,000	Further Issue	Promoters	Complied
*27-02-1997	35,95,000	63.55	56,57,000	3,21,72,500	Public Issue	Public	Complied
Total	**56,57,000**						

*Note: The Target Company has 32, 53,000 partly paid up equity shares (Rs 2.50/- Paid up).The partly paid up shares do not carry voting rights. As per Regulation 59 of Table A of Schedule I of the Companies Act, 1956, no mem ber shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

6.7 The equity shares of Target Company are listed on Hyderabad Stock Exchange Limited (HSE) and Ahmedabad Stock Exchange, and are infrequently traded. The Details of Listing fee payable by the Target company are as under:
- Hyderabad Stock Exchange Limited – Paid till the Financial Year 2006-07
- Ahmedabad Stock Exchange Limited – Paid till the Financial Year 2006-07

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6.8 This is to certify that:
a. In relation to Compliance of listing agreement requirements with HSE and ASE, the company has made delayed compliance with various provisions of the listing agreement.
b. The Company's securities are not suspended in any of the Stock Exchanges

The Stock Exchanges have not taken any action against the company for the non compliances/delayed compliances of the Listing Agreement

6.9 There are no outstanding convertible instruments (warrants / FCDs / PCDs). The Target Company has 32, 53,000 partly paid up equity shares (Rs 2.50/- Paid up).The partly paid up shares do not carry voting rights. As per Regulation 59 of Table A of Schedule I of the Companies Act, 1956, no member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

6.10 The Promoters / Sellers have complied with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 within the time specified under the regulations except the disclosure u/r 7(1A) for sale of shares by Mr T V V S N Murthy (one of the Promoter/Seller) on 14[th] November 2006 was made with a 1 day delay. The disclosure u/r 7(1A) for the sale by the promoter on 04[th] October 2006, 14[th] November 2006 and 30[th] November 2006 were made only to the Target Company and not to the Stock Exchanges. SEBI may initiate suitable action, at a later stage, against the promoters/selllers for the aforesaid non compliances with regulation 7(1A) of the Regulations

6.11 Compliance with provisions of Chapter II of the SEBI (SAST) Regulations, 1997: The Target Company has not complied with Regulation 6(2) and 6(4) of regulations .In addition the Target Company has not Complied with Regulation 8(3) up to the Financial Year ended 31/03/2000. The Disclosures u/r 8(3) for the financial year 31/03/2001,31/03/2002 and 31/03/ 2003 were made with a delay on 16/06/2004. The Disclosures u/r 8(3) for the financial year 31/03/2004 were made with a delay on 10/08/2004. The disclosures under Regulation 7(3) for the sale by the promoters on 04th October 2006, 14th November 2006 and 30th November 2006 were made with delay on 04th December 2006. SEBI may initiate suitable action, at a later stage, against the promoters and the target company for the aforesaid non-compliance with Chapter-II of the Regulations.

6.12 No merger/ de-merger, spin off has taken place during the last 3 years. Bhagyanagar Castings Limited was incorporated on November 08, 1995 and there has been no change of name since then.

6.13 Composition of Board of Directors and details thereof:

S No.	Name	Designation	Qualifications	Experience	Date of Appointment
1	V. Vamsi Mohan	Executive Director	Master in Veterinary Sciences	8 years in business	01-10-2002
2	T.V. Satyanarayana	Director	B. Com.,	7 years in business	20-06-2000
3	T. Annapurna	Director	SSC	House Wife	30-06-2000
4	PSR Brahmam	Director	B. Com	5 years in Finance and Admn	30-06-2000
5	V. Shanti Kiran	Director	B. Com	8 years as senior accounts executive	01-10-2002
6	I. Srinivasa Raju	Director	M. Com	15 years experience in financial services sector	29-9-2006

The Acquirers do not have any representative on the Board of Target Company

6.14 Brief Audited financial details of the Target Company are as follows: (Amount Rs. In lacs)

Profit & Loss Statement	**2003-04**	**2004-05**	**2005-06**	**Un-audited results certified by Statutory Auditor (31-12-2006)**
Balance Sheet Statement				
Sources of funds				
Paid up share capital	321.72	321.72	321.72	321.72
Reserves and Surplus (excluding revaluation reserves)	NIL	NIL	NIL	NIL
Secured loans	NIL	NIL	NIL	NIL
Unsecured loans	NIL	NIL	NIL	NIL
Deffered tax liability	NIL	NIL	NIL	NIL
Total	**321.72**	**321.72**	**321.72**	**321.72**
Uses of funds				
Net Fixed Assets	1.02	0.91	0.81	0.81
Investments	111.25	111.25	111.25	111.25
Net Current Assets	30.43	27.69	26.70	26.16
Total Miscellaneous Expenditure not written off	9.85	9.85	9.85	9.85
Pre –Operative Expenses	169.17	172.02	173.11	173.65
Total	**321.72**	**321.72**	**321.72**	**321.72**
Other Financial Data				
Net worth (Paid Up Capital + Reserves) – (Total Miscellaneous Expenditure not written off + Pre-operative Expenses)	142.70	139.85	138.76	138.22
Dividend (%)	NIL	NIL	NIL	NIL
Earning Per Share(Rs.) Formulae :(Profit After Tax/ No of Shares)	-ve	-ve	-ve	-ve
Return on Net worth (%) Formulae :(Profit After Tax/ Networth)	-ve	-ve	-ve	-ve
Book Value Per Share (Rs) **(Networth + Calls in Arrears)/ No of Shares**	6.84	6.79	6.77	6.76

Note: No Profit and Loss Account has been prepared, since the Company has not commenced Commercial Operations

Break-up of Investments held by the Target Company

S.No	Name of the Company	No.of Shares	Amount Invested (Rs in Lacs)
1	Vijaya Growth Financial Services Limited	50,000	12.25
2.	Kitti Steels Limited	90,000	54.00
3.	Vijaya Pearls Limited	15,000	4.50
4.	Koratla Lease Fin India Limited	1,00,000	20.00
5.	Jain Marbles Limited	40,000	4.00
6.	Tirumala Seung Han Textiles Limited	50,000	10.00
7.	Sun Rock Exports Limited	65,000	6.50
	Total		111.25

Details of Pre-operative Expenses In Rupees

Pre –Operative	2003-04	2004-05	2005-06	Un-audited results certified by Statutory Auditor (31-12-2006)
Opening Balance	1,67,63,088	1,69,17,663	1,72,02,277	1,73,11,372
Bank Charges	1,192	1,770	2,304	---
Depreciation	13,105	10,407	10,407	---
Rent	29,600	26,400	26,400	16,000
Printing and Stationery	3,150	2,845	2,900	3,000
Postage and Telegrams	528	542	624	3,000
Salaries	35,200	38,400	38,400	29,000
Audit Fee	10,800	10,000	11,224	---
Professional Charges	15,000	15,000	16,836	---
Filing Fees	46,000	1,79,250	----	3,000
Total	1,69,17,663	1,72,02,277	1,73,11,372	1,73,65,372

6.15 Pre and Post- Offer share holding pattern of the target company as per the following table (based on subscribed capital)

As on the date of letter of offer

Shareholders' category	Shareholding prior to the agreement/ acquisition and offer.		Shares agreed to be acquired which triggered off the Regulations.		Shares to be acquired in open offer (Assuming full acceptances)		Share holding after the acquisition and offer. i.e.	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No. of Shares	% of Subscribed Capital	No. of Shares	% of Subscribed Capital	No.of Shares	% of Subscribed Capital	No.of Shares	% of Subscribed Capital
1. Promoter Group.								
a. Parties to agreement, if any b. Promoters other than (a) above	31,00,000 NIL	54.80 NIL	Nil NIL	Nil NIL	Nil NIL	Nil NIL	Nil NIL	Nil NIL
Total 1(a+b)	**31,00,000**	**54.80**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
(2) Acquirer Mr Srinivasa Reddy	NIL	NIL	31,00,000	54.80	11,31,400	20.00	42,31,400	74.80
Total	NIL	NIL	31,00,000	54.80	11,31,400	20.00	42,31,400	74.80
(3) Parties to agreement other than(1) (a) & (b)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(4) Public								
a. FIs/MFs/FIIs/ Banks,SFIs (indicate names) b. Others	NIL 25,57,000	NIL 45.20	NIL NIL	NIL NIL	NIL (-11,31,400)	NIL (-20%)	NIL 14,25,600	NIL 25.20
Total (4)(a+b)	**25,57,000**	**45.20**	**NIL**	**NIL**	(-11,31,400)	(-20%)	**14,25,600**	**25.20**
GRAND TOTAL (1+2+3+4)	**56,57,000**	**100**					**56,57,000**	**100**

Note 1: The Target Company has 32, 53,000 partly paid up equity shares (Rs 2.50/ - Paid up).The partly paid up shares do not carry voting rights. As per Regulation 59 of Table A of Schedule I of the Companies Act, 1956, no member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid. The shareholders holding 32, 53,000 Partly paid-up equity shares shall be eligible to participate in the offer provided they pay the allotment money of Rs 7.50/- per share along with the interest @ 15% per annum from the date of allotment till the date of payment.

Note 2: As on the date of Public Announcement there are 94 No. of shareholders in public category.

6.16 Corporate Gov ernance **:** Mr Adusumilli Venkateswara Rao Proprietor of Adusumilli & Associates , Chartered Accountants, the Statutory Auditors of the Company vide thier report on Corporate Governance dated 19/08/2006 which forms part of the annual report for the year 2005-06, confirmed that (a) They have examined the compliance of conditions of Corporate Governance by the Company for the year ended March 31st 2006 as stipulated in clause no. 49 of the Listing Agreement. (b) The company has complied with the conditions of corporate governance as stipulated in the listing agreement, and (c) Such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

6.17 Pending Litigation matters: There are no pending litigation matters against the Company.

6.18 The Compliance Officer: Mr. I. Srinivasa Raju, Director, MIG-397, Road No. 5, KPHB Colony, Kukatpally, Hyderabad - 500 072, Ph No. 91-040-23057862, Fax No. 91-040-23057862, E-mail: bhagyanagarcastings@rediffmail.com .

6.19 Details of the change in shareholding of the promoters as and when it happened in the Target Company and status of compliance with the applicable provisions of the SEBI (SAST) Regulations/other applicable Regulations under the SEBI Act, 1992 and other statutory requirements, as applicable:

Promoters Holding as on	No. of Shares	Compliance of SEBI Takeover Regulations	% Change in voting rights
30.06.2000	Fully paid -17,50,000 Partly paid – 22,00,000 Total – 39,50,000	Complied	NA
04.10.2006	Fully paid -15,20,000 Partly paid – 22,00,000 Total – 37,20,000	Delayed Compliance	(- 9.57%)
14.11.2006	Fully paid -13,20,000 Partly paid – 22,00,000 Total – 35,20,000	Delayed Compliance	(-8.32%)
30.11.2006	Fully paid -13,20,000 Partly paid – 17,80,000 Total – 31,00,000	Delayed Compliance	NIL (Only Partly Paid shares are transferred and hence no change in voting rights)

Note 1: After acquisition of Shares in Compliance of Regulations from the erstwhile Promoters, the promoters have not acquired any Shares in the Target Company.

Note 2: The disclosure u/r 7(1A) for sale of shares by Promoter on 14th November 2006 was made with a 1 day delay. The disclosure u/r 7(1A) for the sale by the promoter on 04th October 2006, 14th November 2006 and 30th November 2006 were made only to the Target Company and not to the Stock Exchanges

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer price

7.1.1 The annualized trading turnover during the preceding 6 calendar months prior to March 2007 in which the Public Announcement is made in terms of number & % of total listed shares, in each stock exchange where the shares of the target company are listed, is as under:

Name of stock exchange(s)	Total no. of shares traded during the 6 calendar months prior to the month in which PA was made.	Total No.of listed Shares	Annualized Trading turnover(in terms of % to total listed shares)
The Hyderabad Stock Exchange Limited (HSE)	NIL	56,57,000	NIL
The Ahmedabad Stock Limited (ASE)	NIL	56,57,000	NIL

Hence in terms of Regulation 20 (5) the shares of the Target Company are infrequently traded.

7.1.2 Since the equity shares of the Target Company are infrequently traded in terms of explanation (i) to Regulations 20(5) of the SEBI (SAST) Regulations, 1997, the offer price of Rs.7.00/- per fully paid share has been determined as per Regulation 20(5) taking into account the following factors:

a. The Negotiated price in terms of the SPA entered into on Thursday, 01st March 2007 is Rs. 1.00 /-(Rupees One only) per Fully Paid Equity Share and Re 0.25(Paisa Twenty Five Only) for Partly Paid Equity Shares

b. The Acquirer have not acquired any shares of the Target Company , including by way of allotment in public or rights issue or by way of preferential allotment by Target Company during the 26 Weeks Period prior to the date of Public Announcement.

c. Book Value per share: The Value per share based on the Audited Balance Sheet as on 31st March 2006 as certified Mr. Grandhi Vittal, Chartered Accountant vide his report dated 26th February 2007 is Rs. 6.77/ - (Rupees Six and Paise Seventy Seven only)

d. Justification for the Offer Price in terms of the Regulation 20(4) & (5) of the SEBI (SAST) Regulations:

	Rs
(a) The negotiated price under the Agreement referred to in Regulation 14(1) of the SEBI (SAST) Regulations. (i) For Fully Paid Equity Share (ii) For Partly Paid Equity Shares	 1.00 0.25
(b) Price paid by the Acquirer for acquisition, if any, during the twenty six week period prior to the date of public announcement	NA
(c) Return on Net Worth	-ve
(d) value per Fully Paid Equity Share as certified by Chartered Accountant.	6.77

(f) Earning Per Share	-ve
(g) Price earning ratio on offer price	NA
(h) The average of the weekly high and low of the closing prices of the Shares of the Target Company as quoted on Hyderabad Stock Exchange Limited and the Ahmedabad Stock Exchange Limited are not available, since the Shares of the Target Company are most infrequently traded.	No trading has taken place for the said period

The shares of Target Company are not traded and therefore, for the purpose of valuation, market value could not be considered. BCL had no profits in the last three years; therefore Earning Based Value per share has not been used to determine the offer price. Mr. Grandhi Vittal, Chartered Accountant (M. No. 206462) has vide his share valuation report dated 26th February 2007 based on Hon'ble Supreme Court Decision in the Case of Hindustan Lever Employee Union Vs HLL, 1995(83.com Case 30) and the erstwhile CCI Formula has stated that the fair value per Fully Paid Equity Share is Rs 7.00 (Rupees Seven only) for the purpose of offer price to the shareholders of Bhagyanagar Castings Limited. In view of the above, the Offer Price of Rs. 7.00 (Rupees Seven Only) per Fully Paid Equity Share based on the Certificate of Mr. Grandhi Vittal, Chartered Accountant is justified.

7.1.3 The offer price shall not be less than the highest price paid by the Acquirer for any acquisition of shares of Target Company from the date of PA upto 7 working days prior to the closure of the of fer.

7.1.4 **Non Compete Agreement**
The Acquirer and Sellers have not entered into any non-compete agreement

7.1.5 **Financial Arrangements:**

7.1.5.1 The Total fund requirement for the open offer is Rs 79,19,800 (Rupees Seventy Nine Lacs Nineteen Thousand Eight Hundred only) assuming that the entire open offer is accepted.

7.1.5.2 The Acquirer has assets, resources and means to meet their obligations under the Open Offer in full. For this purpose, the Acquirer intends to utilize the resources available with him.

7.1.5.3 M/s. Kishore & Venkat Associates, Chartered Accountants, 130/2-RT, S R Nagar, Hyderabad-500038 (Membership No. 26285), vide his Certificate dated 26/02/2007, has certified that Mr. Mr M Srinivasa Reddy (acquirer) has adequate liquid resources to implement the Offer in full

7.1.5.4 The Acquirer has opened an Escrow Account with HDFC Bank, Lakdi Ka Pul Branch, Hyderabad and deposited cash of Rs. 1, 00,000 /- (Rupees One Lacs only) and have marked a lien in favour of Managers to the offer and also as a part of Escrow amount taken a term deposit receipt of Rs 20, 00,000/ -(Twenty Lacs Only) of HDFC Bank, Lakdi Ka Pul Branch, Hyderabad and the same is deposited with Managers to the offer. The total Escrow Account is more than 25% of the total consideration payable to shareholders.

7.1.5.5 The acquirer has empowered the Managers to the Offer to realize the value of the Escrow Account by encashing or otherwise in terms of the SEBI (SAST) Regulations, 1997.

7.1.5.6 Based on the above, the Managers to the Offer have satisfied themselves about the Acquirer's ability to implement the Open Offer in accordance with the SEBI (SAST) Regulations.

8. TERMS AND CONDITIONS OF THE OFFER

8.1 The Letter of Offer, together with the Form of Acceptance cum Acknowledgment will be mailed to all the Equity Shareholders ("shareholders") of the Target Company (except the Acquirer, Persons Acting in Concert and the sellers who are party to the share purchase agreement) whose names appear in the Register of Members of the Target Company on Saturday, 31st March 2007 ("Specified Date").

Note :The Target Company has not admitted its Equity Shares with any Depository and hence Equity Shares are only in Physical Form.

8.2 This Offer will open on Wednesday,27th June 2007 and will close on Wednesday, Monday,16th July 2007 The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, of all rights of dividends, bonuses or rights from now on and hereafter.

8.3 Specified date is only for the purpose of determining the names of the Shareholders as on such date, to whom the Letter of Offer would be sent and all owners (registered or unregistered) of Shares of BCL anytime before the closure of the Offer, are eligible to participate in the Offer.

8.4 Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

8.5 The Acquirer will not be responsible in any manner for any loss of Equity Shares Certificate(s) and Offer Acceptance Document(s) during transit and the Equity Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

8.6 While tendering the Shares under the Open Offer, NRIs / OCBs / FIIs if any will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the Shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered.

8.7 While tendering Shares under the Open Offer, NRIs / OCBs / FIIs if any will be required to submit a Tax Clearance Certificate from the Income Tax Authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961, before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the Category of the Shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.

8.8 Besides this, as on this date to the best of the knowledge of the Acquirer, no other statutory approvals are required to acquire the Shares tendered pursuant to this Open Offer. However, the Open Offer would be subject to all statutory and such other approvals that may be applicable at a later date.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT:

9.1 The Target Company has not admitted its Equity Shares with any Depository and hence has Equity Shares are only in Physical Form. Hence the procedure for acceptance of dematerialized shares has not been disclosed.

9.2 Shareholders (holding physical share certificates) who wish to tender their Shares will be required to send the Form of Acceptance cum Acknowledgment, original Share Certificate(s) and transfer deed(s) duly signed to the address of the Managers to the Offer mentioned below, on or before the Close of the Offer, i.e., not later than Monday,16th July 2007 in accordance with the instructions to be specified in the Letter of Offer and in the form of Acceptanc e cum Acknowledgement.

Name and Address of the persons (Managers to the Offer) to whom the Shares should be sent including name of the contact person, telephone no., fax no. etc.	**Working days and Timings**	**Mode of delivery**
CIL SECURITIES LIMITED #214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001. Tel. Nos. (040) 2320 2465/3155. Fax No. (040) 2320 3028. Contact Person : Shri B.M. Maheshwari E Mail: cilsec@rediffmail.com	Monday to Saturday (Except on Holidays) 11:00 A.M to 5:00 PM	By Post/ Courier/ Hand Delivery

9.3 All owners (registered or unregistered) of Shares of the Target Company (except the Acquirer, Persons acting in concert and the sellers who are party to the share-purchase agreement) are eligible to participate in the Open Offer any time before the closure of the Open Offer. Unregistered owners can send their application in writing to the Managers to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares offered, Distinctive Numbers, Folio Number, together with the original Share Certificate(s), valid Transfer Deed(s) and the original contract notes issued by the Broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.

9.4 All shareholders (registered/unregistered, holding shares in physical) who wish to tender the shares should send all the required documents only to the Managers to the Offer and the documents sho uld not be sent to the acquirer/ Target Company.

9.5 In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Managers to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares offered, Distinctive Numbers, along with documents as mentioned above so as to reach the Mangers to the Offer on or before the close of the Open Offer. i.e., not later than Monday,16th July 2007.

9.6 In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, Equity Shareholders desirous of withdrawing the acceptance tendered by them in the Open Offer, may do so up to 3 (three) working days prior to the date of closure of the Open Offer. The withdrawal option can be exercised by submitting the documents as per the instructions given below, so as to reach the Managers to the Offer at the address mentioned above, as per the mode of delivery mentioned therein, on or before Wednesday,11th July 2007

9.7 The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Lett er of Offer. In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details i.e., Name, Address, Distinctive Numbers, Folio Number, Number of Shares tendered .

9.8 The Managers to the Offer will hold in trust the Shares / Share Certificates, and the transfer form(s) on behalf of the Shareholders of the Target Company who have accepted the Offer, till the cheques / drafts for the consideration and / or the acceptable Share s / Share Certificates are dispatched / returned.

9.9 If the aggregate of the valid responses to the Open Offer exceeds the Open Offer size of 11, 31,400 Fully Paid Equity Shares of the Target Company (representing 20% of the Subscribed Capital of the Target Company), then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The market lot for the physical share will be 100 (hundred) shares.

9.10 The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the closure of the Offer, in terms of Regulation 22(12) of the Regulations. In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to the Acquirer agreeing to pay interest for the delayed period to the shareholders as directed by SEBI. Further if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.

9.11 Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at Shareholders' / unregistered owners' sole risk to the sole / first Sharehold er.

9.12 Any Shares that are the subject matter of litigation wherein the Shareholder(s) may be precluded from transferring the Shares during the pendency of the said litigation are liable to be rejected in case directions / orders regarding these shares are not received together with the Shares tendered under the Open Offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

10. DOCUMENTS FOR INSPECTION

Copies/Certified copies of the following documents will be available for inspection at the Office of CIL Securities Ltd (Managers to the Offer) at # 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001 during normal business hours on any working day i.e Monday to Saturday between 11.00 AM to 5.00 PM during the offer period , i.e. from Wednesday,27th June 2007 to Monday,16th July 2007

10.1 Copy of agreement dated Thursday, 01st March 2007 entered between Promoters of BCL and Acquirer
10.2 Copy of MOU dated Friday , 02t March 2007, between the Acquirer and Manager to the Offer.
10.3 Audited Annual Accounts of BCL for the last three years, 2004, 2005 & 2006 and Un-audited results for the period ended 31st December 2006 certified by the Statutory Auditors
10.4 Copy of Certificate dated 26th February 2007, issued by M/s. Kishore & Venkat Associates, Chartered Accountants, 130/2-RT, S R Nagar, Hyderabad-500038. (Membership No. 26845) certifying the Net Worth of Mr. Mr M Srinivasa Rao.
10.5 Copy of Certificate dated 26th February 2007, issued by M/s. Kishore & Venkat Associates, Chartered Accountants, 130/2-RT, S R Nagar, Hyderabad-500038. (Membership No. 26845) certifying that the Acquirer has adequate resources to implement the Offer in full
10.6 Copy of letters from HDFC Bank Lakdi Ka Pul, Hyderabad, confirming the opening of Escrow Account and certifying that lien has been noted in favor of CIL Securities Limited, Manager to the Offer.
10.7 Copy of Letter addressed by Mr M Srinivasa Reddy , giving unqualified authority to Manager to the Offer to dispose off funds held in Escrow Account and copy of letter addressed to HDFC Bank, Ladki Ka Pul Branch, Hyderabad in this regard.
10.8 Copies of the Public Announcement made in newspapers on Monday , 05th March 2007.
10.9 Copies of the Corrigendum Public Announcement made in newspapers on Monday, 11th June 2007.
10.10 Due Diligence letter dated 15/03/2007 submitted to SEBI by CIL Securities Ltd., Manager to the Offer
10.11 SEBI Preliminary Comments Letter No CFD/DCR/TO/AK/92495/2007 dated May 3,2007
10.12 SEBI Observ ation letter No. CFD/DCR/TO/AK/95414/2007 dated March 12,2007 and SEBI

DECLARATION BY THE ACQUIRER :

The Acquirer accepts full responsibility for the information contained in this Letter of Offer.
All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.
The Acquirer shall be responsible for ensuring compliance of the Regulations.

Signed by the Acquirer
Sd/-

Mr. M Srinivasa Reddy

Place: Hyderabad
Date: 12/06/2007
Encl.: 1. Form of Acceptance cum Acknowledgement.
2 .Form of Withdrawal