Public Announcement to the Equity Shareholders of
BHAGYANAGAR CASTINGS LIMITED

Registered Office: MIG-397, Road No. 5, KPHB Colony, Kukatpally, Hyderabad- 500 072

This Public Announcement is being issued by CIL Securities Limited (hereinafter referred to as "Managers to the Offer/CIL"), on behalf of Mr M Srinivasa Reddy (hereinafter referred to as "Acquirer") pursuant to and in compliance with Regulation 10 and 12 of Chapter III of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 [hereinafter referred to as "SEBI (SAST) Regulations/ Regulations"] and subsequent amendments thereto.

I. The offer:

1. The Acquirer Mr M Srinivasa Reddy, Resident of EWS-941, Phase II, KPHB Colony, Hyderabad, Andhra Pradesh 500072 is making an open offer pursuant to Regulation 10 & Regulation 12 and in compliance with the SEBI (SAST) Regulations, 1997. There are no Persons Acting in Concert ("PAC") with the Acquirer for the purpose of this offer.
2. The Acquirer has entered into a Share Purchase Agreement (SPA) with the Promoters of M/s Bhagyanagar Castings Limited (hereinafter referred to as "BCL"/ "Target Company") on Thursday, 01st March 2007 to 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) 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'). 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 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.
3. Salient features of the Share Purchase Agreement:
   a. 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 Promoters 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.
   b. 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.
   c. The Acquirer/ Seller have undertaken that if the public shareholding in the Company falls below the limit specified 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.
4. The Acquirer is now making this open offer to acquire upto 4,80,800 Fully Paid Equity Shares of Rs. 10/- each, representing 20% of the Voting Capital of the Target Company at a price of Rs.7.00 /- (Rupees Seven only) per Fully Paid Equity Share payable in cash (" Offer"). The Offer is not subject to any minimum level of acceptance and is not a conditional offer. The offer is being made only to shareholders holding Fully Paid Equity Shares and no offer is being made to shareholders holding Partly Paid Equity Shares.
5. The Equity Shares of Target Company are listed on Hyderabad Stock Exchange Limited (HSE) and Ahmedabad Stock Exchange Limited (ASE). 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/- per 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 Rs 0.25 (Paisa Twenty Five only) for Partly Paid Equity Shares.
   b. The Acquirer has not acquired any shares of Bhagyanagar Castings Limited, 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 this Public Announcement.
   c. 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:

Particulars	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	1.00
(ii) For Partly paid Equity Share	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) Book value 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.

6. The Acquirer does not hold any shares in the Target Company as on the date of Public Announcement.
7. CIL (Managers to the offer) do not hold any shares in the Target Company.
8. **This is not a competitive bid.**

II. Information about Acquirer:

1. Mr. M. Srinivasa Reddy resident of 941, EWS, Phase II, KPHB Colony, Kukatpally, Hyderabad, Andhra Pradesh 500072 is a diploma holder in mechanical engineering having vast experience for about 10 years in the areas of Production and Marketing of various products in FMCG Sector. He is Managing Director of Farmex Health and Food Products Private Limited, a Hyderabad based FMCG Company. The Networth of Mr. 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)

III. Information about the Target Company:

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 and to meet the working capital requirements of the Company.
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 a result, no profit & loss account has been drawn up.
3. The Target Company was initially promoted by Mr. B Balaji Viswanadh and Mr N. Sreenivasulu Cheety. On 04th 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 10th 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.
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.
5. The Equity Shares of Target Company are listed on Hyderabad Stock Exchange Limited (HSE) and the Ahmedabad Stock Exchange Limited (ASE).
6. Brief financials of the Target Company, based on the Audited Annual Accounts, are as under:

Rs. Lakhs

Particulars		Year ended March 31		
		2006	2005	2004
Authorized Equity Share Capital		650.00	650.00	650.00
Paid-up Equity Share Capital		321.73	321.73	321.73
Reserves and Surplus		NIL	NIL	NIL
Total Income		NIL	NIL	NIL
Profit (loss) after Tax		NIL	NIL	NIL
Earnings Per Share (EPS)	Rupees	-ve-	-ve-	-ve-
Book Value Per Share	Rupees	6.77	6.79	6.84

Note: The Company has no income as it has not yet commenced operations and as a result, no profit & loss account has been drawn up

6. There was no trading in the Shares of the Company in the last 26 Weeks on Hyderabad Stock Exchange Limited (HSE) and the Ahmedabad Stock Exchange Limited (ASE).

IV. Reasons for the Acquisition and offer and future plan about Target Company:

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. Objects: The Object for acquisition of shares is to acquire the controlling stake in the Target Company.
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.
4. 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
5. 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.

V. Statutory Approvals/ other approvals required for the offer:

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 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.

VI. Option to the acquirer in terms of Regulation 21(3):

As per Clause 40A of the Listing Agreement, the company is required to maintain on a continuous basis, public shareholding of at least 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 is not likely to 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 (3) of the Takeover Regulation is not applicable.

VII. Financial Arrangements:

1. The total fund requirement for the Open Offer is Rs. 33,65,600 (Rupees Thirty Three Lacs Sixty Five Thousand Six Hundred only) assuming that the entire Open Offer is accepted.
2. The Acquirer has assets, resources and means to meet his obligations under the Open Offer in full. For this purpose, the Acquirer intend to utilize the resources available with him.
3. The Acquirer has opened an Escrow Account with HDFC Bank, Lakdi Ka Pul Branch, Hyderabad and deposited cash of Rs. 50,000 /- (Rupees Fifty Thousand 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 8,50,000/-(Eight Lacs Fifty Thousand Only) of HDFC Bank, Lakdi Ka Pul Branch, Hyderabad and a lien is marked in favour of Managers to the offer 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.
4. 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.
5. 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.

VIII. Other Terms of the Offer:

1. The Letter of Offer, together with the Form of Acceptance cum Acknowledgment will be mailed to the Shareholders holding Fully Paid Equity Shares 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 at the close of business on Saturday, 31st March 2007 ("Specified Date"). The Target Company has not admitted its Equity Shares with any Depository and hence has Equity Shares are only in Physical Form.
2. Equity 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 collection center mentioned below, on or before the Close of the Offer, i.e., not later than Wednesday, 09th May 2007, in accordance with the instructions to be specified in the Letter of Offer and in the form of Acceptance 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 : Mr. B.M. Maheshwari, President** **E Mail: cilsec@rediffmail.com**	Monday to Saturday (Except on Holidays) 11:00 A.M to 5:00 PM	By Post/ Courier/ Hand Delivery

3. All owners (registered or unregistered) of Equity 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.
4. 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 Wednesday, 09th May 2007.
5. 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 Collection Centre mentioned above, as per the mode of delivery mentioned therein, on or before Friday, 04th May 2007.
   (i) The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer.
   (ii) 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:
   -In case of physical shares: Name, Address, Distinctive Numbers, Folio Number, Number of Shares tendered
6. 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 unaccepted Shares / Share Certificates are dispatched / returned.
7. If the aggregate of the valid responses to the Open Offer exceeds the Open Offer size of 4,80,800 Fully Paid Equity Shares of the Target Company (representing 20% of the Voting 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 is 100 (hundred) shares.
8. 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 Shareholder.
9. 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. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.
11. The Acquirer will not be responsible in any manner for any loss of Equity Share 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.
12. 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 reserve the right to reject such Shares tendered.
13. 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.
14. A schedule of activities pertaining to the Open Offer is given below:

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

IX. General:

1. Shareholders who have accepted the Open Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer shall have the option to withdraw acceptance tendered by them upto three working days prior to the date of closure of the Open Offer, i.e upto Friday, 04th May 2007
2. If there is any upward revision in the Offer Price by the Acquirer till the last date of revision, viz., Thursday,26th April 2007, or withdrawal of the Open Offer, the same would be informed by way of a Public Announcement in the same newspapers in which the original Public Announcement has appeared. The Acquirer would pay such revised price for all shares validly tendered any time during the Open Offer and accepted under the Open Offer.
3. **If there is a 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 (seven) working days prior to the closing date of the Open Offers / bids (i.e. Thursday,26th April 2007), it would therefore, be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.**
4. The Acquirer and 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.
5. Pursuant to Regulation 13 of the SEBI (SAST) Regulations, the Acquirer has appointed M/S CIL Securities Ltd as Managers to the Offer. This public announcement has been issued by CIL Securities Ltd (Managers to the Offer) on behalf of the Acquirer.
6. The Acquirer accept full responsibility for the information contained in this Public Announcement. The Acquirer is responsible for the fulfillment of his obligations under the SEBI (SAST) Regulations.
7. This Public Announcement would also be available on the SEBI's website at (http://www.sebi.gov.in/). Eligible persons to the Open Offer may also download a copy of the Form of Acceptance cum Acknowledgement, which will be available on SEBI's website at (http://www.sebi.gov.in/) from the Offer Opening Date, i.e., Friday, 20th April 2007. The Equity shareholders may please note that the Form of Acceptance, Share Certificates/ copy of the delivery instruction slip(s) and other documents shall be sent only to the Managers to the Offer and not to the Acquirer, Target Company and Sellers.
8. Name and Address of the Acquirer:

Mr. M. SRINIVASA REDDY
941, EWS, Phase II, KPHB Colony, Kukatpally, Hyderabad,
Andhra Pradesh 500072

ISSUED BY: MANAGERS & REGISTRARS TO THE OFFER

CIL SECURITIES LIMITED

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