



PUBLIC ANNOUNCEMENT BHAYANAGAR INDIA LIMITED

REGISTERED OFFICE: 5TH FLOOR, SURYA TOWERS, S P ROAD, SECUNDERABAD, INDIA - 500 003

FOR THE ATTENTION OF THE SHAREHOLDERS / BENEFICIAL OWNERS OF THE EQUITY SHARES OF THE COMPANY

This Public Announcement ("Announcement" or "PA") is made pursuant to the provisions of Regulation 8(1) read with Regulation 15(c) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, for the time being in force including any statutory modifications and amendments from time to time ("Buy-back Regulations") and contains the disclosures as specified in Schedule II to the Buy-back Regulations.

Mr. Narender Surana, vide letter dated May 20, 2009 filed an application seeking exemption under Regulation 4(2) read with Regulation 3(1)(I) of Securities and Exchange Board of India (substantial acquisition of shares and takeovers) Regulations, 1997 ("Takeover Code") on behalf of Mr. G Mangilal Surana, Mr. Devendra Surana, Mr. Manish Surana, Mrs. Namrata Surana, Mrs. Sunita Surana, Mrs. Chand Surana, Ms. Nirvriti Surana, Ms. Vinita Surana, Mr. Rahul Surana, Mrs. Sresha Surana, Ms. Mitali Surana, Mr. Advait Surana, G Surana (HUF), GM Surana MHUF, Narender Surana HUF, Devendra Surana HUF, Surana Infocom Private Limited, Surana Telecom & Power Limited (together the "Promoter Group") who collectively own 59.75% of the equity shares of Bhayanagar India Limited. The exemption has been granted by SEBI vide its order dated September 30, 2009 ("Exemption Order").

Offer for Buyback of Equity Shares from Open Market through Stock Exchanges 1 THE BUYBACK OFFER AND PRICE

1.1 Bhayanagar India Limited ("BIL" or "the Company") hereby announces its intention to buy-back its fully paid-up equity shares of the face value of Rs.2/- each ("Equity Shares") from the existing registered shareholders / beneficial owners of the Equity Shares of BIL ("Buy-back") through the open market using the nationwide electronic trading terminals of the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE) (herein after referred to as "Stock Exchanges") after pursuant to Article 2A of the Articles of Association of the Company and in accordance with Sections 77A, 77AA and 77B of the Companies Act, 1956 (the Act) and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 (the Buy-Back Regulations) at a price not exceeding Rs.40/- per equity share ("Maximum Offer Price") payable in cash, for an aggregate amount not exceeding Rs.20.00 Crores ("Buyback/Offer Size") i.e. within 25% of the existing paid-up equity share capital and free reserves of the Company as on 31st March, 2008 (the date of latest audited standalone accounts as on the date of Board meeting approving the Buy-back i.e. April 9, 2009) subject to a maximum of 1,00,00,000 equity shares of Rs.2/- each.

1.2 The number of Shares to be bought back would depend upon the average price paid for the Shares bought back and the amount deployed in the Buyback, but however total number of shares to be bought back shall not exceed 1,00,00,000 Equity Shares.

1.3 Subject to buyback price being less than or equal to Rs.40/- per share, the Company shall buyback a minimum of 50,00,000 Equity Shares. The maximum offer price of Rs.40/- per share has been arrived after considering the stock market quotations, book value, return on net-worth and the possible impact of the buy-back on the earnings per share of the Company. The Buy-back of Equity Shares will be made at a Maximum Offer Price of Rs. 40/- per share which represents a premium of 67.01% and 67.71% to the closing price on BSE and NSE i.e. Rs. 23.95 and Rs.23.85 respectively, on trading day on the date of the Board Meeting i.e. April 09, 2009. The Maximum Offer Price of Rs. 40/- per share offers a premium approximately 104.08% to the closing price on BSE i.e. Rs. 19.60 and NSE i.e. Rs. 19.60, on date of passing the special resolution by approval of shareholders through postal ballot i.e. May 19, 2009.

1.4 The maximum buyback price of Rs.40/- per share offers a premium of approximately 96.56% over the closing price on April 08, 2009 at BSE and NSE, the day prior to the date of the board meeting for approving the buyback offer.

1.5 As required under the Act and the Buy-back Regulations, the Company shall not purchase equity shares which are partly paid-up, equity shares with call-in-arrears, locked-in or non-transferable equity shares in the Buy-back till the time they become fully paid-up or till the pendency of the lock-in or till the equity shares become transferable. There will be no negotiated deals (whether on or off Stock Exchanges), spot transactions or any other private arrangements in implementation of the Buy-back.

2. PROPOSED TIME TABLE

Board Meeting approving Buyback	April 09, 2009
Approval of shareholders through postal ballot	May 19, 2009
Date of opening of the Buyback	October 22, 2009
Acceptance of Shares	Within 7 days of the relevant payout dates of the respective Stock Exchanges.
Extinguishment of Shares	Within 15 days of acceptance as above
Last Date for the Buyback	May 18, 2010 or when the company completes buyback to the extent of 1,00,00,000 equity shares under the offer or upon exhaustion of Rs.20.00 crores set aside for buy back whichever is earlier. The Board reserves the right to close the Buyback offer at an earlier date subject however, to purchase of Minimum offer shares under the Buyback offer by giving appropriate notice and reasons for such early closure and completing all formalities.

Note: Last date for the buyback given also includes completion of payment obligations in respect of buyback

3. THE SPECIFIED DATE - Not applicable

4. AUTHORITY FOR THE OFFER OF BUY-BACK

4.1 Being authorized by Article 2A of Articles of Association of the Company and Sections 77A, 77AA, 77B and other applicable provisions, if any, of the Act and the provisions contained in the Buy-back Regulations, this Offer for Buy-back has been duly authorized by:

a) a resolution passed by the Board of Directors of the Company (hereinafter referred to as the "Board") at their meeting held on April 09, 2009.

b) a special resolution passed by the shareholders of the Company through postal ballot, the results of which were announced on May 19, 2009.

4.2 SEBI has granted an exemption to the Promoters from Regulation 11(2) of Takeover Code, in respect of the Buy-back, through an Exemption Order dated September 30, 2009.

5. MATERIAL FACTS RELATING TO THE BUYBACK OFFER AND EXTRACT OF EXPLANATORY STATEMENT, AS CIRCULATED TO THE SHAREHOLDERS FOR SEEKING THEIR APPROVAL THROUGH POSTAL BALLOT

The Company intends to acquire Equity Shares each of face value of Rs.2/- at a price not exceeding Rs.40/- per Equity Share ("the maximum Buyback price") with the total aggregate amount to be expended not to exceed Rs. 20,00,00,000 (Rupees twenty crores only) which is within 25% of the Company's total paid-up capital and free reserves as per audited Balance Sheet as on 31st March, 2008. The consent of the shareholders is sought by way of a Special Resolution pursuant to the provisions of Section 77A of the Companies Act, 1956, and as per the terms and conditions as stated in the offering circular for the issue of Foreign Currency Convertible Bonds (FCCBs), issued by the Company on 10th October 2006 to the tune of USD 15 million, which are currently listed on the Luxembourg Stock Exchange, Luxembourg.

As per the requirements of Section 173(2) read with Section 77A and other applicable provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, (hereinafter referred to as Buyback Regulations) read with Schedule I of the Buyback Regulations, the Explanatory Statement shall contain relevant and material information to enable the shareholders to consider and approve the Special Resolution on Buyback of the Company's equity shares:

1. The Board of Directors of the Company at its meeting held on April 9, 2009 has approved the proposal for Buyback of the Company's own Fully Paid-up equity shares of Rs.2/- each (hereinafter referred to as the "Buyback Offer") in accordance with the provisions contained in the Articles of Association of the Company, Sections 77A, 77AA and 77B and all other applicable provisions of the Act and the provisions contained in the Buyback Regulations subject to the approval of the members through postal ballot.

2. The Buyback offer is proposed to be implemented by the Company from the Open Market through Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE") in the manner as prescribed in the Companies Act, 1956 and the Buyback Regulations and on such terms and conditions as may be determined by the Board of Directors at the appropriate time.

3. There will be no Buyback from any persons through negotiated deals whether through the Stock Exchanges or through spot transactions or through any private arrangement.

4. Your Board is of the view that necessity for Buyback is on account of the following reasons:

a) The Buyback offer is being proposed in pursuance of the Company's desire to maximize returns to investors, to reduce outstanding number of shares and enhance overall shareholder value by returning surplus funds to shareholders in an efficient and investor friendly manner. This will be done without compromising on the high growth opportunities available to the Company.

b) The Buyback will result in reduction in the overall capital employed in the business, which will, in turn lead to higher earnings per share and enhanced return on equity and return on capital employed, return on net worth, return on assets, etc.

c) The Buy Back will also provide a reasonable exit opportunity to those shareholders who so desire.

5. The aggregate Paid-up Equity Share Capital and Free Reserves of the Company as on 31st March, 2008 is Rs. 208.27 crores. The proposed deployment of funds does not exceed 25% of the Paid-up Capital and Free Reserves of the Company. The Company proposes to utilize an amount not exceeding Rs.20,00,00,000 (Rupees twenty crores only) for the present Buy-back of Equity Shares of the Company. This amount for Buyback will be financed out of the Company's Free Reserves and cash balances and internal accruals/operating cash inflows of the Company.

6. The Equity Shares of the Company are proposed to be bought back at a price not exceeding Rs.40/- per Equity Share. The said price has been arrived at after considering various factors including but not limited to the book value, market value of the share on the stock exchanges and the possible impact of Buy-back on the earnings per share.

7. As per the provisions of the Companies Act, 1956, the maximum number of equity shares permitted to be bought back in any financial year shall not exceed 25% of the total Paid-up Equity Share Capital of the Company. The Company proposes to Buy-back a minimum of 50,00,000 Equity Shares and a maximum of 1,00,00,000 Equity Shares which is less than the 25% of the paid up equity share capital of the Company.

(b) The details of equity shares of the Company purchased by the Promoters and Directors of the Promoter Company(ies) during the period of last six months preceding the date of the Board Meeting at which the Buyback is approved i.e. from October 8, 2008 to April 9, 2009 are mentioned below:-

Total Quantity purchased by Promoters / Persons in Control	Max Price (Rs. Per share)	Date of Max Price	Min Price (Rs. Per Share)	Date of Min Price
3604555	19.50	18.03.09	9.00	02.12.09

The Promoters and Directors of the Promoter Company(s) have not sold any shares during the aforesaid period.

(c) The promoters of the Company, persons in control and directors of the promoter (where the promoter is a company) have confirmed that they will not sell their holding under the Buy-back as they are prohibited from selling their Shares in terms of Regulation 15(b) of the SEBI Buy-Back Regulations. In accordance with the same, no promoter and no persons in the control of the Company intend to tender their equity shares to the Company for the Buy Back.

9. As required under the Companies Act, 1956, the ratio of debt owed by the Company would not be more than twice the Equity Share Capital and Free Reserves of the Company after the Buyback offer.

10. As per the provisions of the Companies Act, 1956, the Buyback will be completed within a maximum period of twelve months from the date of passing of the said Special Resolution by the Shareholders. The time frame for the Buyback will be determined by the Board within this validity period.

11. As per the provisions of the Companies Act, 1956, the Company will not be allowed to issue fresh Equity Shares, within a period of six months after the completion of the Buyback except by way of bonus shares or shares issued in the discharge of subsisting obligations, if any, such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares, if any. Currently the Company has a 150 Zero coupon FCCBs of USD 1.0 Lakh each outstanding, due for conversion by 10 October, 2011, and if offered for conversion into equity shares will result in an issue of 1,56,68,182 equity shares of Rs.2/- each, b) 1,15,00,000 share warrants convertible into 1,15,00,000 equity shares of Rs.2/- each outstanding and due for conversion by 07 May, 2009, and c) 40,00,000 share warrants convertible into 40,00,000 equity shares of Rs.2/- each outstanding and due for conversion by 16.09.2009.

12. The Company hereby confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.

13. The Board of Directors of the Company confirm that they have made a full inquiry into the affairs and prospects of the Company and they have formed the opinion that:

(a) immediately following the date on which the proposed resolution is passed by the shareholders, there will be no grounds on which the Company could be found unable to pay its debts;

(b) as regards its prospects for the year immediately following that date, having regard to their intentions with respect to the management of the Company's business during that year, and to the amount and character of the financial resources which will in their view be available to the Company during, that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and

(c) in forming their opinion for the above purposes, the Directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

14. The text of the report dated 09.04.2009 received from M/s. Sekhar & Co, Chartered Accountants, the Company's Statutory Auditors addressed to the Board of Directors is reproduced below:

To

The Board of Directors
Bhayanagar India Limited,
5th Floor, Surya Towers, S.P.Road,
SECUNDERABAD - 500 003.

In connection with the proposed buy back of Equity Shares approved by the Board of Directors of Bhayanagar India Limited ("the Company") at its meeting held on 9th April, 2009, in pursuance of the provisions of the Companies Act, 1956 and the Securities & Exchange Board of India (Buy-back of Securities) Regulations, 1998 and based on the information and explanations given to us, we report that:

1. We have enquired into the state of affairs of the Company based on the audited accounts as at 31st March, 2008 and unaudited accounts for the nine months period ending 31st December, 2008, which were taken on record by the Board of Directors at their meeting held on 29th January, 2009.

2. The capital payment (including premium) of an amount not exceeding Rs.20 Crores towards the buy back of equity shares has been properly determined in accordance with Section 77A(2) of the Companies Act, 1956 which is within the permissible amount of 25% of the paid up equity capital and free reserves of the Company, as computed below:

	Amount (Rs)	Amount (Rs)
Total paid up Capital as at March 31, 2008 (7,45,00,000 Equity shares of Rs. 2/- each)		149,000,000
Free Reserves as at March 31, 2008:		
Securities Premium	97,742,234	
General Reserve	1,050,000,000	
Profit and Loss Account	785,940,622	
	1,933,682,856	
Total of Paid up Capital and Free Reserves as at March 31, 2008		2,082,682,856
25% thereof being permissible limit for buy back of equity shares with members approval		520,670,714
Amount approved by the Board for Buyback		200,000,000
b) Maximum limit of buy back of equity shares in a financial year		No. of Shares
Total paid up Capital as at March 31, 2008		74,500,000
25% thereof being maximum equity Capital eligible for buy-back		18,625,000
Max shares approved by the Board for Buyback		10,000,000

3. The Board of Directors at their meeting held on 9th April, 2009 have formed an opinion as specified in Clause (x) in Schedule 1 of the Securities Exchange Board of India (Buy Back of Securities) Regulations, 1998 on reasonable grounds and that the company will not, having regard to its state of affairs, be rendered insolvent within a period of one-year from the date of the Board Meeting i.e. 9th April, 2009.

For Sekhar & Co
Chartered Accountants

G. Ganesh
Partner
Membership No. 211704

Place : Secunderabad
Date : April 09, 2009

15. The Company shall transfer from its Free Reserves a sum equal to the nominal value of the Equity Shares purchased through the Buy-back to the Capital Redemption Reserve account and the details of such transfer shall be disclosed in its subsequent audited balance Sheet.

16. In accordance with the regulatory provisions, the shares bought back by the Company will compulsorily be cancelled and will not be held for re-issuance.

17. All the material documents referred to in the Explanatory Statement such as Memorandum and Articles of Association, relevant Board Resolution and Auditors' Report will be made available for inspection at the Registered Office of the Company on all working days except Holidays between 10.00 a.m. and 5.00 p.m.

6. THE NECESSITY OF THE BUY BACK

The buy back program is expected to contribute to the overall shareholder value. The buy back would lead to (a) maximization of returns to investors and enhance overall shareholder value by returning surplus funds to shareholders in an investor-friendly manner; (b) provide an efficient mechanism for an exit opportunity to those shareholders who desire to do so, in a manner that does not substantially impact the market price of the Company's shares to the detriment of the continuing shareholders; (c) enhance the earnings per share of the Company in future, and (d) create long-term shareholder value.

7. PROCESS AND METHODOLOGY TO BE ADOPTED FOR THE BUY-BACK

7.1 The Offer is open to all Shareholders / Beneficial Owners of the fully paid-up Equity Shares of the Company, both registered and unregistered, except Promoters or persons in control of the Company as indicated in this Public Announcement.

7.2 The Regulations permit the Company to effect the Buyback from the Open Market only through the Stock Exchanges having electronic trading facility. Accordingly, the Company proposes to Buyback shares on the BSE and NSE only.

7.3 For the aforesaid Buyback the Company has appointed Karvy Stock Broking Limited as broker through whom the purchases and settlement on account of the Buyback shall be made.

7.4 The Buyback of Shares will be made only through the order matching mechanism except "all or none" order matching system.

7.5 The company shall with effect from October 22, 2009 place "buy" orders on the BSE and/or NSE at least once in every week to buy Shares through the Broker, in such quantity and at such prices, not exceeding Rs.40/- per share, as it may deem fit, depending upon the prevailing quotations of the Shares on the Stock Exchanges. When the Company has placed an order for Buy-back of Shares, the identity of the Company as purchaser would be displayed on the screen of the Broker of the BSE and NSE.

7.6 Beneficial owners, who desire to sell their Shares under the Buy-back, would have to do so through a stockbroker, who is a member of either BSE or NSE, by indicating to their broker the details of shares they intend to sell. The Trade would be executed at the price at which the order matches and that price would be the price for that seller. The execution of the order, issuance of contract note, delivery of stock to the member and receipt of payment from the member would be carried out in accordance with the Stock Exchange and Securities and Exchange Board of India (SEBI) requirements.

7.7 It may be noted that all the Shares bought back by the Company may not be at a uniform price. As long as the market price is lower than the maximum buy back price, order for buying back of Equity Shares shall be placed at least once in a week until the last date for closure of the buyback offer. Such buyback orders shall be placed in normal and physical/odd lot segments. The Company shall intimate the Stock Exchanges as well as the public through its release in the newspapers regarding quantity of shares purchased and amount to be utilized for buyback as prescribed by the Buyback Regulations.

7.8 The Shares of the Company are traded in the compulsory demat mode under the trading code 512296 at BSE and BHAYANAGAR at NSE. Shareholders holding Shares in physical form can sell their Shares in the odd lot trading segment on BSE.

7.9 The Company and the Merchant Banker shall submit the information regarding the shares or other securities bought back to the stock exchanges on a daily basis and publish the said information in a national daily on a fortnightly basis and every time when an additional 5% of buy back has been completed. Provided that where there is no buy back during a particular period the Company and the Merchant Banker shall not be required to publish the details in a national daily.

7.10 The Buyback shall be implemented in the manner and following the procedure prescribed in the Act and the Regulations and as may be determined by the Board of Directors of the Company (including Committee thereof authorized to complete the formalities of the Buyback) and on such terms and conditions as may be permitted by law from time to time.

8. The maximum amount, which the Company would deploy for the purposes of the Buyback is Rs.20,00,00,000 (Rupees Twenty Crores only) (Buyback/Offer Size).

9. MAXIMUM AND MINIMUM NUMBER OF SHARES TO BUY BACK, SOURCES OF FUNDS AND COST OF FINANCING THE BUY BACK

Subject to the buyback price being less than or equal to Rs.40/- per share, the Company shall buyback a minimum of 50,00,000 Equity Shares and a maximum of 1,00,00,000 equity shares. However, the actual number of equity shares to be bought back would depend upon the average price paid for the equity shares bought back and the amount deployed in the Buyback.

The Company has substantial accumulated free reserves as well as satisfactory liquidity. The funds required for buyback will be drawn out of the free reserves of the Company. The cost of financing the Buyback would therefore be only a notional loss of income that the funds used for Buyback would have earned had they been deployed in the ordinary course of the Company's business.

The funds for the buyback will be available from the current surplus and/or cash balances and/or internal accruals of the Company. The Company does not propose to raise any debt for buying back shares.

10. BRIEF INFORMATION ABOUT THE COMPANY

The Company was incorporated as Bhayanagar Metals Limited on 2nd September 1985 and has obtained certificate of commencement of business on 9th September 1985 and started dealing in various ferrous and non-ferrous metals. On 26.11.1985, the Company made Public Issue of 3,19,00,000 equity shares having face value of Rs. 10/- at par and was subsequently listed on Bombay Stock Exchange Limited.

The Company has obtained fresh certificate of incorporation from Registrar of Companies, Andhra Pradesh on 10th August 2006 consequent upon change of name from Bhayanagar Metals Limited to Bhayanagar India Limited.

The Company is engaged in manufacturing of Jelly filled telephone cables and Copper Products such as Copper Rods, Copper Strips, paper insulated copper conductors, copper fins, Bus bars and other Copper allied products. The Company is also engaged in the business of real estate & infrastructure.

During the year 2006-07, the Company has forayed into wind power generation segment with the installation of 7 wind Turbine Generators with a total capacity of 9 MW and the current installed and under installation capacity of the Company stands at 12.15 MW.

The Company over the years spread its activities by acquisition, merger, diversification etc., The Company has record of uninterrupted profit since its inception and is continuously paying dividend to its shareholders.

11. BRIEF FINANCIAL INFORMATION OF THE COMPANY (ON STANDALONE BASIS)

Brief audited financial information of the company for the last three financial years and unaudited financials of the Company for the quarter ended June 30, 2009 (subjected to limited review by the Auditors of the Company) is detailed below:

Particulars	(Rs. in Lakhs)			
	Quarter ended 30/06/09 Unaudited *	Year ending 31/03/09 Audited	Year ending 31/03/08 Audited	Year ending 31/03/07 Audited
Income				
Net Income from Operations	3,676.88	18,962.58	19,995.48	23,843.12
Other Income	279.86	1,186.03	2,077.38	989.52
Total Income	3,956.74	20,148.61	22,072.86	24,832.65
Expenditure				
Materials	2,828.59	15,021.88	14,309.29	13,972.60
Expenses	559.78	2,644.55	2,431.77	2,102.81
Total Expenditure	3,388.37	17,666.43	16,741.06	16,075.42
Profit Before Interest, Depreciation & Tax	568.37	2,482.18	5,331.80	8,757.23
Interest and Financial Charges	26.36	463.15	591.03	417.29
Depreciation	111.06	498.39	483.26	299.20
Profit Before Tax	430.94	1,520.63	4,257.51	8,040.74
Extra Ordinary Items	-	-	-	-
Add/Less: Provision for Tax				
Current Tax	60.00	400.00	480.00	1,075.00
Deferred Tax	-	13.85	27.55	(81.05)
Fringe Benefit Tax	-	5.75	8.65	8.50
Previous Years Tax Adjustment	-	-	-	1.17
Profit After Tax	370.94	1,101.03	3,741.30	7,017.12
Prior Period Adjustments	-	2.84	-	-
Profit After Prior Period Adjustments	370.94	1,103.87	3,741.30	7,017.12
Equity Share Capital	1,490.00	1,490.00	1,490.00	1,490.00
Reserves & Surplus	21,491.40	20,614.45	20,379.59	17,161.26
Net worth	22,981.40	22,104.45	21,869.59	18,651.26
Share Warrants pending allotment#	362.10	868.10	868.10	-
Total Debt	7,459.09	8,921.09	11,720.60	10,354.68
Equity Dividend (%)	-	20%	30%	30%
Earnings per share before extraordinary items (Rs.)	0.50 @	1.48	5.02	9.42
Earnings per share after extraordinary items (Rs.)	0.50 @	1.48	5.02	9.42
Book value per share (Rs.)	30.85	29.67	29.36	25.04
Return on Net worth (%)	1.61% @	4.99%	17.11%	37.62%
Debt-Equity Ratio	0.32	0.40	0.54	0.56

* Subjected to limited review by the Auditors of the Company

Note: As on date of the public announcement, all the share warrants have expired and the company has not received any request for conversion of any of the share warrants before the expiry of respective due dates.