



BHAGYANAGAR INDIA LIMITED

Regd. Office: 5th Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.

NOTICE

Dear Member(s)

Sub.: Passing of Special Resolution by Postal Ballot.

The Board of Directors of the Company at its Meeting held on January 27, 2011, discussed and consented in-principle to purchase the Company's own fully paid-up equity shares of the face value of Rs.2/- each, from open market through stock exchange mechanism, for an aggregate amount not exceeding Rs.14,00,00,000/- (Rupees Fourteen Crores only), up to a minimum of 40,00,000 shares and a maximum of 80,00,000 shares, at the prevailing market price upto a maximum price of Rs. 35/- per equity share (hereinafter referred to as Buyback), **subject to the consent of the members through postal ballot** and subject to Sections 77A, 77B and all other applicable provisions of the Companies Act, 1956 (the Act) and the provisions contained in the SEBI (Buy-Back of Securities) Regulations, 1998 ('Buy Back Regulations') (including any statutory modification(s) or re-enactment of the Act or Buyback Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary **including the approval/exemption from SEBI under the SEBI (Substantial Acquisition Of Shares And Takeovers) Regulations, 1997** and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company.

Pursuant to Section 77A of the Companies Act, 1956, and as per the terms and conditions stated in the offering circular for the issue of Foreign Currency Convertible Bonds (FCCB's), 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, it is necessary to obtain consent of the shareholders of the Company by way of Special Resolution for the proposed Buyback of equity shares. As per Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 ('Postal Ballot Rules') consent of the Members for buying back the equity shares under Section 77A of the Companies Act, 1956 is required to be obtained by means of voting by Postal Ballot.

Accordingly, **NOTICE** is hereby given, with the proposed draft Special Resolution, the Explanatory Statement stating all material facts and the reasons for the proposal are appended and a Postal Ballot Form is enclosed for your consideration. Explanatory statement pursuant to the provisions of section 173(2) read with Postal Ballot Rules is also attached for member's perusal. The Company has appointed Mr. Syed Meera Mohiddin, Practising Company Secretary to act as scrutinizer for conducting the postal ballot process in a fair and transparent manner.

A Ballot Paper bearing unique serial number is attached to this Notice. Please read carefully the instructions printed in the postal ballot form. We request you to vote by placing a tick mark (✓) at the appropriate place denoting your assent or dissent to the special resolution and return the form duly completed and signed in the attached self-addressed, business reply envelope so as

to reach the scrutinizer before the closing of working hours (6.00 PM) on 07.03.2011. Please note that any postal ballot form(s) received after the said date will be treated as not having been received. No other form or photocopy thereof is permitted.

The Scrutinizer will submit his report to the Chairman or any Director of the Company after the completion of the scrutiny of the postal ballots. The Chairman or any Director of the Company will announce the results on 10.03.2011 at 3.00 P.M. at the Registered Office of the Company at 5th Floor, Surya Towers, S.P.Road, Secunderabad - 500 003. The results of the Postal Ballot will also be displayed at the said office and posted on the Company's website www.bhagyanagarindia.com besides communicating to the Stock Exchanges where the Company's securities are listed.

The related resolution being a Special Resolution shall be declared as passed if votes cast in favour of the resolution are three times more in number than the votes cast against the resolution.

SPECIAL RESOLUTION:

1. To Consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution through Postal Ballot:

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association of the Company and Sections 77A, 77AA, 77B and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) and the provisions contained in the SEBI (Buy Back of Securities) Regulations, 1998 ("Buy Back Regulations") (including any statutory modification(s) or re-enactment of the Act or Buyback Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary **including the approval/exemption from SEBI under the SEBI (Substantial Acquisition of Shares And Takeovers) Regulations, 1997** and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (herein after referred to as the "Board"), the consent of the members of the Company be and is hereby accorded to the Board to purchase the Company's own fully paid up Equity Shares of Rs.2/- each from open market through stock exchange mechanism, for an aggregate amount not exceeding Rs.14,00,00,000/- (Rupees Fourteen Crores only), up to a minimum of 40,00,000 shares and a maximum of 80,00,000 shares, at the prevailing market price up to a maximum price of Rs. 35/- per equity share (i.e. within 25% of the total paid-up capital and free reserves of the Company as per the audited Balance Sheet as at 31st March, 2010 and not exceeding 25% of the total paid-up equity capital in a financial year)

RESOLVED FURTHER THAT the Company may implement the Buyback in one or more tranches, from time

to time as it may consider appropriate, from out of its free reserves and / or internal accruals and / or such other sources or by such mechanisms as may be permitted by law.

RESOLVED FURTHER THAT nothing contained herein above shall confer any right on the part of any shareholder to offer, or any obligation on the part of the Company or the Board to buy back any shares, and / or impair any power of the Company or the Board to terminate any process in relation to such Buyback, if so permissible by law.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, usual or proper, to be in the best interest of shareholders, including but not limited to the appointment of Merchant Bankers, Brokers, Legal Advisors, Advertising Agencies, Compliance Officer, Investor Service Centre and other Consultants or Representatives, incidental to the implementation of the buyback offer as also to prefer all applications to the appropriate authorities, parties and the institutions for their requisite approvals as also to initiate all necessary actions for preparation and issue of public announcement and filing of public announcement with the SEBI and Stock Exchanges, filing of declaration of solvency certificate and filing of certificate of extinguishment and physical destruction of certificates, all other undertakings, agreements, papers and documents required to be filed in the above connection and to settle all such questions, difficulties or doubts that may arise in relation to the implementation of the Buyback without being required to seek any further consent or approval of the Shareholders or otherwise to the end and intent that the Shareholders shall be deemed to have given their approval thereto expressly by the authority of the above resolution;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate all or any of the authorities conferred as above to any Director(s) / Company Secretary of the Company to give effect to the aforesaid resolution or to accept any change(s) or modification(s) as may be suggested by the appropriate authorities or Advisors."

By order of the Board
for **BHAGYANAGAR INDIA LIMITED**

Place: Secunderabad

SRIDEVI MADATI
COMPANY SECRETARY

Date: 27.01.2011

NOTES:

- a. The Explanatory Statement setting out all material facts as required under Section 173 of the Companies Act, 1956 in respect of Special Business of the Company is appended and forms part of the Notice.
- b. A Postal Ballot form along with self-addressed business reply envelope (Postage will be borne and paid by the

Company) is sent herewith. The Members are requested to indicate their assent or dissent about the aforesaid business in the Postal Ballot and return the same to the Scrutinizer before the close of working hours on 07.03.2011. Postal Ballot forms received after this date will be strictly treated as if the reply from that member has not been received.

Explanatory Statement pursuant to Section 173 and 192A of the Companies Act, 1956.

The Company intends to acquire Equity Shares each of face value of Rs.2/- at a price not exceeding Rs.35/- per Equity Share ("the maximum Buyback price") with the total aggregate amount to be expended not to exceed Rs. 14,00,00,000 (Rupees Fourteen 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, 2010. 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 (FCCB's), 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 January 27, 2011 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 and Section 77A, 77AA, 77B and all other applicable provisions of the Act and the provisions contained in the Buyback Regulations.
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, 2010 is Rs. 2,187,263,367. 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.14,00,00,000 (Rupees Fourteen 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. 35/- 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 40,00,000 Equity Shares and a maximum of 80,00,000 Equity Shares which is less than the 25% of the paid up equity share capital of the Company.
 8. (a) The aggregate shareholding of the Promoters, Directors and of Persons in control is 44,514,446 equity shares constituting 65.08% of the paid up share capital of the Company as on the date of this notice. Pursuant to the Buyback of Equity Shares as proposed, and depending on the response to the Buyback offer, the percentage holding of the Promoters would increase beyond the aforesaid percentage. Though such an increase in the percentage holding of the Promoters is consequential and indirect in nature, the promoters of the Company are required to seek the exemption from SEBI under Regulation 4 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
 - (b) The Promoters and Directors of the Promoter Company(s) have not sold or purchased any equity shares during the period of last six months preceding the date of the Board Meeting at which the Buyback is approved i.e. from July 26, 2010 to January 27, 2011.
 - (c) The promoters of the Company persons in control and directors of the promoter (where the promoter is a company)(hereinafter referred to as Promoters' group) 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) 100 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.
 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 27.01.2011 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
Bhagyanagar 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 Bhagyanagar India Limited ('the Company') at its meeting held on January 27, 2011, 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, 2010 and unaudited accounts for the nine months period ending 31st December, 2010 which were taken on record by the Board of Directors at their meeting held on 27th January, 2011.
2. The capital payment (including premium) of an amount not exceeding Rs. 14 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:

a) Permissible limit for buy back under Section 77A(2)(b)		
	Amount (Rs)	Amount (Rs)
Total paid up Capital as at March 31, 2010 (68,926,614 Equity shares of Rs. 2/- each)*		137,853,228
Free Reserves as at March 31, 2010:		
General Reserve	1,186,386,667	
Profit and Loss Account	863,023,472	
		2,049,410,139
Total of Paid up Capital and Free Reserves as at March 31, 2010		218,726,3367
25% thereof being permissible limit for buy back of equity shares with members approval		546,815,842
Less Bought Back during the current financial year as approved earlier by the Directors and shareholders of the Company		2,107,056
Balance available for Buyback as of 31.12.2010		544,708,786
Amount approved by the Board for Buyback		140,000,000

*The paid up share capital of the Company as on the date of the report is Rs. 13,68,00,000/- comprising of 6,84,00,000 equity shares of Rs. 2/- each.

b) Maximum limit of buy back of equity shares in a financial year	
	No. of Shares
Total paid up Capital as at March 31, 2010	68,926,614
25% thereof being maximum equity Capital eligible for buy-back	17,231,654
Less Bought Back during the current financial year as approved earlier by the Directors and shareholders of the Company	526,614
Balance Available for Buyback	16,705,040
Max shares approved by the Board for Buyback	8,000,000

3. The Board of Directors at their meeting held on January 27, 2011 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. January 27, 2011.

For Sekhar & Co
Chartered Accountants
Firm Regn. No. 003695S

G.Ganesh
Partner
Membership No. 211704

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.

Your Directors recommend this Special Resolution for approval of the Shareholders.

All the Directors may be deemed to be concerned or interested in the resolution to the extent of shares held by them in the Company like any other Shareholder.

By order of the Board
for BHAGYANAGAR INDIA LIMITED

Place: Secunderabad
Date: 27.01.2011

SRIDEVI MADATI
COMPANY SECRETARY



BHAGYANAGAR INDIA LIMITED

Regd. Office: 5th Floor, Surya Towers, S.P.Road, Secunderabad - 500 003.

POSTAL BALLOT FORM

Serial No **15101**

1.	Name and Registered Address of Sole/ First named Shareholder (in block letters)	
2.	Name(s) of Joint Holder(s), if any (in block letters)	
3.	Registered Folio No./DP ID No*/Client ID No.* (*Applicable to Investors holding shares in dematerialized form)	
4.	Number of Shares held (Equity Shares of Rs.2/- each)	

5. I/We hereby exercise my/our vote in respect of the Special Resolution to be passed through Postal Ballot for the business stated in the Notice of the Company by conveying my/our assent or dissent to the said Resolution by placing the tick mark (✓) in the appropriate box below:

Item No.	Description	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the resolution (AGAINST)
1	Special Resolution for obtaining the consent of the Shareholders to Buy-Back the fully paid-up Equity Shares of the Company of Rs.2/- each from open market through stock exchange mechanism, for an aggregate amount not exceeding Rs.14,00,00,000/- (Rupees Fourteen Crores only), up to a minimum of 40,00,000 shares and a maximum of 80,00,000 shares, at the prevailing market price up to a maximum price of Rs. 35/- per equity share.			

Place :

Date :

(Signature of the Shareholder)

For instructions, please see overleaf

INSTRUCTIONS FORMING PART OF THE NOTICE:

1. A Shareholder desirous of exercising vote by Postal Ballot should complete this Postal Ballot Form and send it to the Scrutinizer, Mr. Syed Meera Mohiddin, Practicing Company Secretary in the attached self-addressed envelope. Postage will be borne by the Company. However, envelope containing Postal Ballots deposited in person or sent by courier at the expense of the shareholder will also be accepted.
2. The self-addressed envelope bears the name and address of the Scrutinizer appointed by the Board of Directors of the Company.
3. This Form should be completed and signed by the Shareholder. In case of joint holding, this Form should be completed and signed (as per the specimen signatures registered with the Company) by the first named shareholder and in his absence, by the next named shareholder.
4. The consent must be accorded by recording the assent in the Column "**FOR**" and dissent in the column "**AGAINST**" by placing a tick mark (✓) in the appropriate column.
5. Unsigned Postal Ballot Forms will be rejected.
6. The Scrutinizer's decision on the validity of the Postal Ballot will be final.
7. The Postal Ballot shall not be exercised by a proxy.
8. **Duly completed Postal Ballot Forms should reach the Scrutinizer on or before 07.03.2011. All Postal Ballot Forms received after this date will be treated as if reply from such shareholder has not been received.**
9. A Shareholder may request for a duplicate Postal Ballot Form, if so required. However, the duly filled in duplicate Postal Ballot Forms should reach the Scrutinizer not later than the date specified at item 8 above.
10. In case of shares held by Companies, Trusts, Societies, etc., the duly completed Postal Ballot Form should be accompanied by a Certified True Copy of the Board Resolution / Authority.
11. Shareholders are requested **NOT** to send any other paper along with the Postal Ballot Form in the enclosed self-addressed Postage pre-paid envelope in as much as all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer and the Company would not be able to act on the same.
12. A Shareholder need not use all his/her votes nor he/she needs to cast his votes in the same way.
13. Voting Rights shall be reckoned on the paid-up value of the shares registered in the name of the Shareholders on the date of dispatch of the Notice.