



LGB FORGE LIMITED

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Our Company was incorporated in India on June 7, 2006 as LGB Forge Limited under the provisions of the Companies Act, 1956. Our Company received Certificate of Commencement of Business on June 21, 2006, issued by the Registrar of Companies, Coimbatore, Tamil Nadu. The Corporate Identification Number is L27310TZ2006PLC012830. For further details, please see section "History and Other Corporate Matters" on page 66 of the Letter of Offer & page 10 of this Abridged Letter of Offer.

Registered Office: 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore 641 006, Tamil Nadu, India

Tel: +91 422 2532325; **Fax:** +91 422 2532333;

Contact Person: Mr. A James Chandra Mohan, Company Secretary and Compliance Officer;

E-mail: secretarial@lgb.co.in; **Website:** www.lgbforge.co.in

PROMOTER OF THE COMPANY: MR. B. VIJAYAKUMAR

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

ISSUE OF 50,000,517 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AT A PREMIUM OF ₹ 1.75 PER EQUITY SHARE ("EQUITY SHARES") FOR AN AMOUNT AGGREGATING ₹ 1,375.01 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF LGB FORGE LIMITED ("THE COMPANY" OR THE "ISSUER") IN THE RATIO OF ONE EQUITY SHARE FOR EVERY TWO FULLY PAID-UP EQUITY SHARE(S) HELD (I.E., 1:2) BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON WEDNESDAY, MARCH 21, 2012 (THE "ISSUE"). THE ISSUE PRICE IS 2.75 TIMES THE FACE VALUE.

FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGES 40 & 144 OF THIS ABRIDGED LETTER OF OFFER AND THE LETTER OF OFFER RESPECTIVELY.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by Securities and Exchange Board of India (the "SEBI") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. **Investors are advised to refer to the "Risk Factors" on page 2 of this Abridged Letter of Offer before making an investment in the Issue.**

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in the Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). We have received "in-principle" approvals from the BSE and the NSE for listing the Equity Shares arising from the Issue vide their letters dated December 26, 2011 and December 27, 2011, respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE	
KEYNOTE		 CAMEO	
Keynote Corporate Services Limited 4th Floor, Balmer Lawrie Building, J.N. Heredia Marg, Ballard Estate, Mumbai – 400001 Tel: +91-22- 30266000-3 Fax: +91-22- 22694323 E-mail: lgb.rights@keynoteindia.net Website: www.keynoteindia.net Contact Person: Mr. Chintan Hefa SEBI Registration No.: INM 000003606 *		Cameo Corporate Services Limited "Subramanian Building", No 1, Club House Road, Chennai- 600 002 Tel: +91-44-28460390 Fax: +91-44-28460129 E-mail: cameo@cameoindia.com Website: www.cameoindia.com Contact Person: Mr R.D Ramaswamy SEBI Registration Number: INR000003753	
ISSUE PROGRAMME			
ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSSES ON	
FRIDAY, MARCH 30, 2012	FRIDAY, APRIL 13, 2012	SATURDAY, APRIL 28, 2012	

* Pursuant to Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and in compliance with SEBI Circular No. SEBI/MIRSD/DR-2/SRP/Cir-2/2005 dated January 4, 2005, an application dated September 12, 2011 for renewal of the certificate of registration/permanent registration, in the prescribed manner, was made by Keynote Corporate Services Limited to SEBI, three months before the expiry of the said certificate of registration i.e., December 15, 2011. The approval of SEBI in this regard is awaited. No communication has been received by Keynote Corporate Services Limited from SEBI rejecting the said application.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

General Instructions

This Abridged Letter of Offer is being sent to you in lieu of the Letter of Offer, the copy of which can be obtained from the Lead Manager to the Issue, Registrar to the Issue or the Company. Please note that many references in this 'Abridged Letter of Offer' are made in respect of contents of 'Letter of Offer' which is a detailed document containing full information as required under applicable Regulations. The copy of the Letter of Offer is also made available on the websites of Lead Manager to the Issue and the Company at www.keynoteindia.net and www.lgbforge.co.in.

Applicants are advised to read the Letter of Offer and the section titled "Terms of the Issue" on page 40 of this Abridged Letter of Offer carefully and satisfy themselves of the disclosures before making an application for subscription. For a copy of the Letter of Offer, the applicant may request the Company and/or the Registrars to the Issue. Further, investors are advised to retain the copy of this Abridged Letter of Offer for their future reference.

For table of definitions and abbreviations, restrictions on overseas shareholders and offers in the United States, notes on the presentation of financial information and use of market data and a disclaimer on forward-looking statements, please refer to pages i, vi, vii and viii respectively of the Letter of Offer.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in the Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. The ordering of the risk factors has been done based on materiality and does not in any manner indicate the importance of one risk factor over the other. To obtain a complete understanding, you should read this section in conjunction with the chapters titled "Business Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the section titled "Financial Information" on page 47, 111 and 91 respectively as well as the other financial and statistical information contained in the Letter of Offer.

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of the Letter of Offer.

The occurrence of any of the following events could have a material adverse effect on our business, results of operations, financial condition and prospects and cause the market price of the Equity Shares to fall significantly, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations. The following factors have been considered for determining the materiality:

1. Some events may not be material individually but may be found material collectively;
2. Some events may have material impact qualitatively instead of quantitatively;

Some events may not be material at present but may have material impact in future.

Risks associated with our business

1. ***Some of our group companies are currently involved in certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on their business, result of operations and financial condition.***

There are no outstanding litigations involving our Company or our Promoter. However, some of our group companies are currently involved in certain legal proceedings and claims in India which are pending at different levels of adjudication before various authorities. The table below sets forth summary of information with respect to legal proceedings that are against our group companies:

Name of the Group Company	Criminal proceedings	Civil proceedings	Tax proceedings	Labour cases	Consumer cases	Total approximate amount involved (₹ in Lacs)
L.G. Balakrishnan & Bros. Limited	3	5	13	6	2	1,467.75
Super Transports Private Limited	-	-	2	-	-	74.53
L.G. Sports Limited	-	-	1	-	-	4.76

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Additionally, should any new development arise, such as a change in the Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which may reduce our profitability. We can give no assurance that these legal proceedings will be decided in our favour or in favour of our Group Companies. Any adverse outcome in any or all of these proceedings may have a material adverse effect on our business, results of operations and financial condition.

For further information relating to these proceedings, please see the section titled “Outstanding Litigations and Defaults” on page 122 of the Letter of Offer.

2. **The Issue Proceeds would be utilised for repayment of unsecured loans taken from various parties including promoter and also towards part repayment of working capital availed and hence would not result in creation of tangible assets.**

We intend to use a significant portion of the Issue Proceeds towards repayment of unsecured loans taken from Promoter and other related parties and also towards part repayment of working capital availed by our company. Hence the Issue proceeds shall not result in the creation of any tangible assets. The details of repayment of unsecured loans to promoter and other related parties are as follows:

Name	Amount (₹ in Lacs)
Silent Chain India Private Limited	340.00
Rajiv Parthasarathy	250.00
B.Vijayakumar	95.00
V.Rajvirdhan	30.00
Total	715.00

For further details on the use of the Issue Proceeds, please see the section “Objects of the Issue” on page 23 of the Letter of Offer.

3. **Our contingent liabilities, not provided for, could adversely affect our financial condition.**

We have not provided for certain contingent liabilities for the half year ended September 30, 2011 and FY March 31, 2011, which if materialise could adversely affect our financial position. The details of the same are as under:

₹ in Lacs

Particulars	Half Year ended September 30, 2011	As of March 31, 2011
Bank Guarantee	150.00	150.00
Total	150.00	150.00

If a significant portion of these liabilities materialise, it could have an adverse effect on our business, financial condition and results of operations. For further information on our contingent liabilities, see “Financial Information – Annexure XII” on page 108 of the Letter of Offer.

4. **Our Company has experienced negative cash flows.**

Our Company has experienced negative cash flows, the details of which are summarized below:

(₹ in lacs)

Particulars	Half year ended September 30, 2011	For the financial year ended				
		March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Net cash (used in) investing activities	(165.26)	709.60	(45.67)	(417.11)	14.76	(9.66)
Net Cash generated from/ (used in) financing activities	(311.21)	(1,527.58)	(906.45)	(1,451.26)	175.40	10.00
Net increase/ (decrease) in cash & cash equivalents	(5.61)	9.58	23.75	2.28	0.96	0.19

For further details please see the chapter titled “Financial Information” and the chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 91 and 111 respectively of the Letter of Offer.

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5. We have incurred losses in past financial years which have resulted in accumulated losses aggregating to ₹ 3,340.66 lacs as on March 31, 2011.

Pursuant to the scheme of arrangement, the entire business and assets of forging unit of L G Balakrishnan & Bros Limited was demerged and transferred to our Company. These included the borrowings (secured loans and unsecured loans) with respect to our “forgings” business which were amounting to ₹ 7,544.11 lacs. FY 2008-09 witnessed a recession due to various global economic factors which plunged the demand for goods across all sectors including that of ours i.e., forging. In addition, we could not arrange additional credit facilities from the Banks on account of our continuing losses. This resulted in under utilization of capacity at 70.50% for the year ended March 31, 2011. These factors adversely affected our income whereas our repayment of loan liabilities continued and thus we incurred losses in all the financial years since FY 2008. As on March 31, 2011 and for the half year ended September 30, 2011, our accumulated losses are ₹ 3,340.66 lacs and ₹ 3,586.13 lacs whereas our net worth has been depleted from ₹2819.82 lacs in FY 2009 to ₹ 312.73 lacs as on September 30, 2011. Any further losses in our business would adversely affect the financial condition of our Company.

6. We have in past entered into related party transactions and may continue to do in future.

We have, in the course of our business, entered into transactions with related parties including entities forming part of our Promoter Group, group companies, key managerial personnel and their relatives. Out of the total purchases of ₹3,204.68 lakhs as on September 30, 2011, the purchases made from related parties were ₹160.87 lakhs which forms 5.01% of the total purchases and, out of the total sales of our Company amounting to ₹7,180.69 lakhs were ₹140.68 lakhs which forms 1.96 % of the total sales. There can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties.

Such related party transactions may give rise to potential conflicts of interest with respect to dealings between us and the related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For details of related party transactions entered into by us please see “Financial Information- Annexure VI” on page 104 of the Letter of Offer.

7. We are subject to the restrictive loan covenants of banks in respect of the term loans and working capital facilities availed from them.

As on September 30, 2011, our Company has availed term loans of ₹ 4,000 lacs and working capital borrowings of ₹ 2,335 lacs from various banks. Our Bankers have not imposed any restrictions on further borrowings or raising capital through equity which may adversely affect our business operations, and financial performance. In addition, our Company has obtained no-objection for this Issue from all the bankers from whom the credit facilities are availed. There are no restrictive covenants in this regard from our bankers. Moreover, as on the date of the Letter of Offer, our Company has not entered into any agreement with any of the shareholders. Further, any increase in interest rates could affect our cost of borrowings and our results of operations and financial condition. This may adversely impact our results of operations and cash flows. For further details on the term loans and working capital borrowings, please see “Financial Information – Annexure VII” on page 106 of this Letter of Offer.

8. The unsecured loans, taken by our Company can be recalled by the lenders at any time which may have an adverse effect on our business operations.

As on September 30, 2011, our Company has unsecured loans amounting to ₹ 973.97 Lacs outstanding, which can be recalled at any given point of time by the lenders including our promoter and directors during the ordinary course of business and thus may affect the business operations and financial performance of our Company. The details of the lenders segregated into promoter and promoter group and others is given as under:

Name	Amount (₹ in lakhs)
Promoter / promoter group entities	
Silent Chain India Private Ltd	340.00
Vijayshree Spinning Mills Private Ltd	100.00
B.Vijayakumar	95.00
V.Rajvirdhan	30.00
Rajiv Parthasarathy	250.00
Fixed deposit from B.Sarojini	50.00
Fixed deposit from Minor Samriddhi Andol	8.00

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Others	
Sales tax deferral	100.97
Total	973.97

9. **We may require certain approvals, licenses, registrations and permits for our business and the failure to renew or obtain them in a timely manner may adversely affect our operations.**

We require certain approvals, licenses, registrations and permits for our business. Additionally, we may need to apply for renewal of approvals which expire from time to time and as and when required in the ordinary course. The details of approvals, licenses, registrations and permits required by us are mentioned under the chapter titled "Government Approvals" on page 132. Our failure to receive such approvals within the time frames anticipated or at all could result in interruption of our operations and may have an adverse material effect on our business and financial position.

10. **We are dependent on our senior management team and the loss of key members or failure to attract skilled personnel may adversely affect our business.**

We believe we have a team of professionals to oversee the operations and growth of our business. Our success is substantially dependent on the expertise and services of our management team. We cannot assure you that we will be able to retain any or all of the key members of our management team. The loss of the services of such key members of our management team could have an adverse effect on our business and the results of our operations.

Further, our ability to maintain our position in the business depends on our ability to attract, train, motivate, and retain highly skilled personnel. In the event we fail to meet these requirements, it could have an adverse effect on our business and results of operations. For further details of our senior management team, please see the section titled "Management" on page 70 of the Letter of Offer.

11. **Our Promoter will continue to exercise significant control over our business and shall be in a position to direct corporate actions which may be allegedly detrimental to the interest of other shareholders.**

Our Promoter and Promoter Group holds 55.38% of our equity share capital. As a result, they are in a position to continue to exercise significant control over our business and all matters requiring shareholder approval, including timing and distribution of dividends, election of officers and directors, our business strategy and policies, approval of significant corporate transactions such as mergers and business combinations and sale of assets. They have also undertaken to apply for Equity Shares in addition to their Rights Entitlement to the extent of any undersubscribed portion of the Issue, subject to obtaining any approvals required under applicable law, to ensure that at least 90% of the Issue is subscribed. Further, assuming no subscription from the public is received and the Promoter and Promoter Group subscribing to such unsubscribed portion in full, their post Issue shareholding in the Company increase to 70.25% from the present 55.38% as on September 30, 2011. Thus, post Issue, the public shareholding in our Company would stand at 29.75% which is in compliance to clause 40A of the listing agreement. In addition, the control by Promoter and Promoter Group could approve or impede a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control even if such transaction is allegedly beneficial to other shareholders.

12. **Any inability to manage our growth could disrupt our business and reduce our profitability.**

Our revenues from operations have grown to ₹ 12,755.26 lacs for the Fiscal Year 2011 at a three year CAGR of 10.60 %.

Any future organic growth and other acquisitions may place significant demands on our operational, financial and internal controls across the organization. It may also impose significant added responsibilities on members of management, including the need to identify, recruit, maintain and integrate additional employees; adhering to our high quality and process execution standards; maintaining high levels of client satisfaction; integrating expanded operations while preserving our culture, values and entrepreneurial environment; and developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, and other internal systems. We may, thus, face difficulties in executing our strategy including the proposed expansion plans and any future growth strategy. If we are unable to manage our growth, it could have an adverse effect on our business, results of operations and financial condition. Our future financial performance and our ability to commercialize our products and to compete effectively will depend, in part, on our ability to manage any growth effectively, and our failure to do so could adversely affect our business, financial condition, results of operations and growth prospects.

For further details on our financial performance please refer to the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 111 of the Letter of Offer.

13. **Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business.**

Operating and managing a business involves many risks that may adversely affect our Company's operations, and the availability of insurance is therefore important to our operations. Our Company believes that our insurance coverage is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or if it fails to effectively cover it for any risks, we could be exposed to substantial costs and losses that would adversely affect financial condition. In addition, our Company cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that our insurers will not disclaim coverage as to any claims. A successful assertion of one or more large claims against our Company that exceeds our available insurance coverage or that leads to adverse changes in our insurance policies, including premium increases or the imposition of a large deductible or coinsurance requirement, could adversely affect our financial condition and results of operations. Our Company has however, not availed key man insurance policies. Further, our Company has not availed of business interruption / loss of profits insurance cover.

14. **We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Further, we cannot assure you that for the financing secured by us we will be able to continue servicing the principal amount, interest or both.**

We may require additional funds in connection with future business expansion and development initiatives. In addition to the Issue proceeds and our internally generated cash flow, we may need additional sources of funding to meet these requirements, which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets. If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of any of our business development plans and this may affect our business and future results of operations.

15. **Accidents at our facilities may lead to public liability consequences.**

Though we take all possible steps to ensure adoption and compliance with high standards of safety and fire control at our facilities, we cannot assure you that these mechanisms will be adequate to contain safety risks that may arise in the future. Though we maintain public liability insurance cover for our facilities, in the event of an accident, we may be exposed to civil, tort and criminal liabilities.

16. **We have not entered into any definitive arrangements to monitor the utilization of the Issue Proceeds.**

As per the SEBI ICDR Regulation, appointment of monitoring agency is required only for Issue size above ₹ 50,000 lacs. Hence we have not appointed any monitoring agency and the deployment of Issue Proceeds as stated in the "Objects of the Issue" on page 23 of the Letter of Offer is not subject to monitoring by any independent agency.

Further, pending utilization of the Issue Proceeds, the management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the same. In addition, our Company shall also, from time to time, inform the audit committee about the use of the proceeds of the issue as required under Clause 49 of the Listing Agreement. Our Company intends to temporarily invest the funds in interest bearing liquid instruments including investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments, rated debentures or deposits with banks as may be approved by the Board. For further details please see "Objects of the Issue" on page 23 of the Letter of Offer.

RISKS ASSOCIATED WITH INDIA AND INVESTMENTS IN INDIAN COMPANIES

17. **Our business is substantially affected by prevailing economic conditions in India.**

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal Stock Exchanges;
- changes in India's tax, trade, fiscal or monetary policies;

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- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its forging industry.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business and financial performance and the price of the Equity Shares.

18. Any downgrading of India's sovereign debt rating or a decline in India's foreign exchange reserves may adversely affect our ability to raise additional debt financing.

Any adverse revisions by international rating agencies to the credit ratings of the Indian national government's sovereign domestic and international debt may adversely affect our ability to raise additional financing by resulting in a change in the interest rates and other commercial terms at which we may obtain additional financing. This could have a material adverse effect on our capital expenditure plans, business and financial performance. A downgrading of the Indian national government's debt rating may occur, for example, upon a change of government tax or fiscal policy outside our control.

19. The proposed adoption of IFRS could result in our financial condition and results of operations appearing materially different than under Indian GAAP.

We may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, Gol in January 2010. The convergence of certain Indian Accounting Standards with IFRS was notified by the Ministry of Corporate Affairs on February 25, 2011. The date of implementing such converged Indian accounting standards has not yet been determined, and will be notified by the Ministry of Corporate Affairs in due course after various tax-related and other issues are resolved. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP. This may have a material effect on the amount of income recognised during that period and in the corresponding period in the comparative period. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems.

20. A significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of the Equity Shares to decline.

Our assets and customers are located in India. The government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. The present Indian government is headed by the Indian National Congress and is a coalition of several political parties. Any significant change in the government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our financial performance and the price of the Equity Shares.

21. Investing in securities that carry emerging market risks can be affected generally by volatility in the emerging markets.

The markets for securities bearing emerging market risks, such as risks relating to India, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions differ in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India, which could adversely affect the Indian financial sector in particular. Any such disruption could have an adverse effect on our Company's business, future financial performance, financial condition and results of operations, and affect the price of the Equity Shares. Accordingly, the price and liquidity of the Equity Shares may be subject to significant fluctuations, which may not necessarily be directly or indirectly related to our financial performance.

RISKS ASSOCIATED WITH THE EQUITY SHARES AND THIS ISSUE

22. Future issues or sales of Equity Shares by our Company may significantly affect the trading price of the Equity Shares.

The future issue of Equity Shares or the disposal of Equity Shares by any of our major Equity Shareholders or the perception that such issues or sales may occur may significantly affect the trading price of the Equity Shares. There is no restriction on our ability to issue Equity Shares or the relevant Equity Shareholders' ability to dispose of their Equity Shares, and there can be no assurance that we will not issue Equity Shares or that any such Equity Shareholder will not dispose of, encumber, or pledge, its Equity Shares.

23. After this Issue, the price of the Equity Shares may be highly volatile.

The prices of the Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors, including:

1. volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
2. our profitability and performance;
3. perceptions about our future performance or the performance of Indian auto component manufacturers in forging in general;
4. performance of our competitors in the Indian forging industry and the perception in the market about investments in the forging industry;
5. adverse media reports on us or the Indian forging industry;
6. changes in the estimates of our performance or recommendations by financial analysts;
7. significant developments in India's economic liberalisation and deregulation policies; and
8. significant developments in India's fiscal, environmental and other regulations.

There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the prices at which our Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the prices at which the Equity Shares will trade in the market subsequent to this Issue. The Indian stock markets have witnessed significant volatility in the past and the Equity Share price may be volatile and may decline post listing.

24. The equity shares of our company are infrequently traded on both the stock exchanges where it is listed i.e., BSE and NSE.

Our Company's Equity Shares are listed on BSE and NSE. During the last twelve calendar months, the total traded turnover of our Company on BSE and NSE is 8.11% and 9.54% of the total number of equity shares respectively.

25. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect your ability to sell, or the price at which you can sell, Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by all Stock Exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limit on our circuit breakers is set by the Stock Exchanges based on the historical volatility in the price and trading volume of our Equity Shares.

The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

Prominent Notes

1. Our Company was incorporated as a public limited company on June 7, 2006. In March 2008, as per the scheme of arrangement, the entire business and assets of forging unit of L.G.Balakrishnan & Bros Ltd was de-merged and transferred to our Company with effect from April 1, 2008. The equity shares of the Company were listed on BSE and NSE on August 1, 2008. For further details, please see "Business Overview" on page 47 of the Letter of Offer.
2. This is an Issue of 50,000,517 Equity Shares at a premium of ₹ 1.75 per Equity Share for an amount aggregating to ₹ 1,375.01 lacs on a rights basis to the existing Equity Shareholders of our Company in the ratio of One Equity Share for every Two fully paid-up Equity Share(s) held (i.e., 1:2) by the existing Equity Shareholders on the Record Date.
3. The net worth of our Company ((Equity Share capital + securities premium + reserves and surplus (excluding revaluation reserve) – miscellaneous expenditure (to the extent not adjusted or written off) - deficit in profit and loss account)) as on March 31, 2011 and for the six months period September 30, 2011 was ₹ 558.20 lacs and ₹312.73 lacs respectively. The net asset value per share (net worth / number of Equity Shares outstanding) of our Company as on March 31, 2011 and for the six months period September 30, 2011 was ₹ 0.56 and ₹0.31 respectively.
4. We have, in the course of our business, entered into transactions with related parties including our associate companies, key managerial personnel and their relatives. For details of related party transactions entered into by us please see "Financial Information- Annexure VI" on page 104 of the Letter of Offer.

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5. There has been no financing arrangement whereby the Promoter Group, the Directors of our Company who are our Promoters and our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Letter of Offer with SEBI.
6. All information shall be made available by the Lead Manager and our Company to the public and investors at large and no selective or additional information would be available only to a section of investors in any manner whatsoever.
7. The Lead Manager and our Company shall update the Letter of Offer and keep our shareholders / public informed of any material changes till listing and trading permission in respect of the Equity Shares is received.
8. As on the date of this Abridged Letter of Offer ("ALOF"), there are no outstanding investor complaints.

Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, application amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form has been submitted by the ASBA Investor. For contact details please see "General Information" on page 10 of this ALOF.

For Summary of Industry, Summary of Business and Summary Financial Information, please see pages 1, 3 and 6 respectively of the Letter of Offer.

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "Terms of the Issue" on page 144 of the Letter of Offer.

Equity Shares outstanding prior to the Issue	100,001,034 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	150,001,551 Equity Shares
Rights Entitlement	One Equity Shares for every Two fully paid-up Equity Shares held on the Record Date i.e., (1:2)
Record Date	Wednesday, March 21, 2012
Face Value per Equity Share	₹ 1 each
Issue Price per Equity Share	₹ 2.75 each
Terms of the Issue	For more information, please see "Terms of the Issue" on page 144 of the Letter of Offer.
Use of Issue Proceeds	For further information, please see "Objects of the Issue" on page 23 of the Letter of Offer.

Terms of Payment

The full amount of ₹ 2.75 per Equity Share is payable on application.

Book closure and other details

Record date	Wednesday March 21, 2012
Purpose	Rights Entitlement (1:2)
Ex-Right	Tuesday, March 20, 2012

Issue Schedule

Issue Opening Date:	Friday, March 30, 2012
Last date for receiving requests for split forms:	Friday, April 13, 2012
Issue Closing Date:	Saturday, April 28, 2012

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

GENERAL INFORMATION

Company Secretary and Compliance Officer: Mr. A. James Chandra Mohan, 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore – 641 006, Tamil Nadu, India

Tel: +91 422 2532325; **Fax:** +91 422 2532333; **Website:** www.lgbforge.co.in; **E-mail:** secretarial@lgb.co.in. **Investors may contact the Compliance Officer / Registrar to the Issue for any pre-Issue / post-Issue related matters including inter alia non-receipt of Letter of Offer / Abridged Letter of Offer, CAF, allotment advice, share certificate(s), refund order(s) etc.**

Legal Counsel to the Issue: M/s Iyer & Thomas Advocates, 15/8, 7th Cross Street, Indranagar, Adyar, Chennai 600 020 Tamil Nadu, India

Tel: +91-44-4350 4777 Fax: +91-44-4350 4999 Email: mail@iyerandthomas.com

Registrar to the Issue: Cameo Corporate Services Limited, “Subramanian Building”, No 1, Club House Road, Chennai- 600 002; Contact Person: Mr. R.D. Ramaswamy

Tel: +91-44-28460390 Fax: +91-44-28460129 E-mail: cameo@cameoindia.com

Banker to the Issue: ICICI Bank Limited, Capital Market Division, 30, Raj Bhadur Mansion, Fort, Mumbai 400 001; Contact Person: Mrs. K. Himabindu

Tel: +91-22-66310325, Fax: +91-22-66310350, E-mail: kuchuri.himabindu @icicibank.com

Self Certified Syndicate Banks: The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link. The list of SCSBs is given in CAF.

Auditors of our Company: Haribhakti & Co., Chartered Accountants, “Shree Shanmugappriya”, 2nd Floor, 454, Ponnaiyan Street, Crosscut Road, Gandhipuram, Coimbatore- 641 012

Tel: +91-422-2237793/2238793, Fax: +91-422-2233793, E-mail: sathyanarayanan.cs@bdoindia.co.in

CAPITAL STRUCTURE

The capital structure of our Company and related information as on date of this Abridged Letter of Offer, prior to and after the proposed Issue, is set forth below:

(₹ in lacs except per share data)

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorised share capital:		
170,000,000 equity shares of ₹1 each	1,700.00	
300,000 Preference Shares of ₹ 100 each	300.00	
Total	2,000.00	
Issued, subscribed and paid up capital before the Issue		
100,001,034 equity shares of ₹1 each	1,000.01	
Total	1,000.01	
Present Issue being offered to the Equity Shareholders through the Letter of Offer		
50,000,517 equity shares of ₹1 each at an Issue Price of ₹ 2.75 per Equity Share (premium of ₹ 1.75 per Equity Share)	500.01	1,375.01
Paid up capital after the Issue		
150,001,551 equity shares of ₹1 each	1,500.16	
Securities premium account		
Before the Issue	Nil	
After the Issue	875.01	

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Notes to the Capital Structure

1. Share Capital History

Date of allotment of the Equity Shares	No. of Equity Shares allotted	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Issued Equity Capital (₹)	Cumulative number of Equity Shares	Cumulative Equity Share Capital (₹)	Cumulative Equity Share Premium (₹)
June 7, 2006	50,000	10	10	Cash	Initial Allotment based on subscription to Memorandum of Association ¹	500,000	50,000	500,000	Nil
January 5, 2007	50,000	10	10	Cash	Further allotment of shares ²	500,000	100,000	1,000,000	Nil
December 5, 2007	Sub-division of equity shares to face value of ₹1 each								
December 5, 2007	1,000,000	1	-	Cash	Nil	1,000,000	1,000,000	1,000,000	Nil
December 19, 2007	20,520,000	1	1	Cash	Further allotment of shares ³	20,520,000	21,520,000	21,520,000	Nil
May 30, 2008	78,481,034	1	1	Cash	Allotment of shares pursuant to scheme approved under section 391-394 of the Act ⁴	78,481,034	100,001,034	100,001,034	Nil

- Initial subscription to MoA by Mr. B. Vijayakumar (10 equity shares), Mrs. Vijayakumar Vijayshree (10 equity shares), Mrs. Rajsri Vijayakumar (10 equity shares), M/s L.G. Balakrishnan & Bros. Limited (49,950 equity shares), M/s LGB Auto Products Limited (10 equity shares), M/s Elgi Automotive Service Limited (5 equity shares) and M/s LG Farm Products Limited (5 equity shares).
- Further allotment of Shares to Mrs. V. Rajsri (10,000 equity shares) and Mr. Vijayakumar Rajviridhan (40,000 equity shares).
- Further allotment of Shares to Mr. B. Vijayakumar (2,019,900 Equity Shares), Mrs. Vijayakumar Vijayshree (1,999,900 Equity Shares), Mrs. V. Rajsri (3,000,200 Equity Shares), M/s L.G. Balakrishnan & Bros. Limited (10,500,000 Equity Shares) and Mr. Vijayakumar Rajviridhan (3,000,000 Equity Shares)
- Allotted to all the shareholders of our Company pursuant to the scheme of arrangement. For further details, please see "Business Overview" on page 47 of the Letter of Offer

2. The shareholding pattern of our Company as on December 31, 2011:

Category Code	Category of Shareholder	Number of Shareholders	Total No. of shares	Number of shares held in demated form	Total shareholding as a percentage of total number of shares		Post Issue	
					As a % of (A+B) (VI)	As a % of (A+B+C) (VI)	No. of Shares (VIII)	As a % (IX)
(A)	Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/HUF	8	34,907,620	34,907,620	34.91	34.91	52,361,430	34.91
(b)	Bodies Corporate	9	20,472,794	20,472,794	20.47	20.47	30,709,191	20.47
	Sub-Total (A)(1)	17	55,380,414	55,380,414	55.38	55.38	83,070,621	55.38
(2)	Foreign	-	-	-	-	-		
	Sub Total (A)(2)	-	-	-	-	-		
	Total holding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	17	55,380,414	55,380,414	55.38	55.38	83,070,621	55.38

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Category Code	Category of Shareholder	Number of Shareholders	Total No. of shares	Number of shares held in demated form	Total shareholding as a percentage of total number of shares		Post Issue	
					As a % of (A+B) (VI)	As a % of (A+B+C) (VI)	No. of Shares (VIII)	As a % (IX)
(I)	(II)	(III)	(IV)	(V)				
(B)	Public Shareholding							
(1)	Institutions							
(a)	Financial Institutions/Banks	2	16,020	16,000	0.02	0.02	24,030	0.02
(b)	Insurance Companies	1	135,960	135,960	0.14	0.14	203,940	0.14
(c)	Foreign Institutional Investors	3	5,542,214	5,535,714	5.54	5.54	8,313,321	5.54
	Sub-Total (B)(1)	6	5,694,194	5,687,674	5.69	5.69	8,541,291	5.69
(2)	Non Institutions							
(a)	Bodies Corporate	327	1,940,512	1,924,491	1.94	1.94	2,910,768	1.94
(b)	Individuals							
	i) Holding nominal share capital upto ₹ 1 lac	16,127	24,143,236	20,333,664	24.14	24.14	36,214,854	24.14
	ii) Holding nominal share capital in excess of ₹ 1 lac.	22	8,941,337	2,652,837	8.94	8.94	13,412,006	8.94
(c)	Any Other(specify)							
	Clearing Members	7	4,500	4,500	-	-	6,750	-
	Directors & their relatives & friends	5	2,543,887	2,274,787	2.54	2.54	3,815,831	2.54
	HUF	299	1,048,691	1,048,691	1.05	1.05	1,573,037	1.05
	Non Resident Individuals/ Overseas Corporate Bodies	76	304,263	282,763	0.30	0.30	456,395	0.30
	Sub-Total (B)(2)	16,863	38,926,426	28,521,733	38.93	38.93	58,389,639	38.93
	Total Public shareholding (B)=(B)(1)+(B)(2)	16,869	44,620,620	34,209,407	44.62	44.62	66,930,930	44.62
	TOTAL (A)+(B)	16,886	100,001,034	89,589,821	100.00	100.00	150,001,551	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-		
	GRAND TOTAL (A)+(B)+(C)	16,886	100,001,034	89,589,821	100.00	100.00	150,001,551	100.00

Note: As on December 31, 2011, none of the Equity Shares of our Company have been pledged or otherwise encumbered.

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3. The top ten shareholders of our Company and the number of Equity Shares held by them as on the date of filing this Abridged Letter of Offer/ Letter of Offer i.e. as on March 15, 2012 are as follows:

SI No	Shareholder	Total No. of Equity Shares Held	Pre Issue %
1	V.Rajsri	11,722,340	11.72
2	B.Vijayakumar	11,632,200	11.63
3	L.G.Balakrishnan & Bros Ltd	10,550,000	10.55
4	Vijayakumar Rajvirdhan	8,475,300	8.47
5	International Finance Corporation	5,532,714	5.53
6	L.G.B Educational Foundation	4,815,640	4.82
7	Elgi Automotive Services (P) Ltd	4,150,000	4.15
8	LGB Auto Products (P) Ltd	3,850,000	3.85
9	Arjun Parthasarathy	2,272,132	2.27
10	Vijayshree Vijayakumar	2,001,000	2.00

For detailed Notes to Capital Structure, please see pages 16 – 22 of the Letter of Offer.

OBJECTS OF THE ISSUE

The object of the proposed rights issue of our company is to infuse additional long term capital resources to strengthen the financial position of our Company by reducing the borrowings/loans to some extent. The equity capital proposed to be infused by way of this rights issue will be utilized for repayment of certain loans which will go a long way in augmenting the cash flow and improving the financial condition of our Company.

The details of objects of the issue are:

1. Part repayment of working capital loans;
2. Part repayment of unsecured loans &
3. To meet the issue expenses

The main objects clause set out in our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue. For further details on the main objects clause set out in our Memorandum of Association, please see "History and Other Corporate Matters" on page 66 of the Letter of offer. The fund requirement and deployment have not been appraised.

Rationale for the Objects

Pursuant to the scheme of arrangement approved by the Hon'ble High Court at Madras, the entire business and assets of forging unit of L.G. Balakrishnan & Bros Limited was demerged and transferred to our Company with effect from April 1, 2008. These included the borrowings (secured loans and unsecured loans) with respect to our "forgings" business which were amounting to ₹ 7,544.11 lacs of the Company. Financial Year 2008-09 witnessed a recession due to various global economic factors which plunged the demand for goods across all sectors including that of ours i.e., forging. Thus, due to low demand, our order book did not see any growth in numbers during the period from September 2008 besides having the pending obligations to complete earlier contracts, for which even price revision was not possible due to long term nature of these contracts. As a result, our Company was not in a position to make profits. Further on account of severe power cuts in the state, our Company had to run the manufacturing facilities on diesel generator sets which further increased our cost of production. As a result, our Company reported a net loss of ₹ 1,119 lacs during the FY 2008-09.

This trend continued during the FY 2009-10. Our Company could not arrange additional credit facilities from the Banks on account of our continuing losses. This resulted in under utilization of capacity due to which we had to operate our business in one shift for the year. These factors adversely affected our income thus resulting in more losses to the tune of ₹ 1359 lacs whereas our repayment of loan liabilities continued. Under these circumstances, our Company had to borrow money from our Promoter/ Promoter Group/ Directors for the continuing the business operations in the Company.

Though the situation improved to some extent in FY 2010-11, our Company reported a loss of ₹ 862 lacs during the year. The overall effect of the same was that our Company had accumulated losses to the extent of ₹3,340 lacs as on March 31, 2011. As per audited financial statements for six months period ended September 30, 2011, our Company has reported net loss of ₹245.43 lacs which will further deteriorate the financial position of our Company.

Looking at the situation, we propose to strengthen the financial position of our Company by bringing in long term resources in the form of equity capital through this rights issue which shall not only enhance our network but also reduce the debt in our Company.

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The details of requirements of funds and means of finance are as under:

Cost of Project

Sr. No.	Description	Amount (in lacs)
1	Part repayment of working capital loan	630.00
2	Part repayment of unsecured loans	715.00
3	To meet the issue expenses	30.00
Total		1375.00

Means of Finance

Sr. No.	Description	Amount (in lacs)
1	Proceeds of the rights issue i.e. issue of 5,00,00,517 equity shares of ₹1/- each at a price of ₹2.75 per share	1375.00
Total		1375.00

Details of the objects of the Rights Issue

The objects of the issue are proposed to be financed entirely out of the proceeds of the rights issue of the company. The details of the objects are enumerated as below:

1. Part repayment of working capital loans

Our company has been using working capital facilities from various Banks. The total working capital facilities used and outstanding as on September 30, 2011 is to the tune of ₹ 2,335 lacs. Such working capital facilities are secured by way of hypothecation of inventories, book debts both present and future and also a corporate guarantee given by L.G. Balakrishnan & Bros. Ltd., our flagship company. There has been strain on working capital finance and company had to utilize the facilities which are at a high rate of interest. We intend to utilize ₹630 lacs towards repayment/ part repayment of some of the high cost working capital loans, the details of which are as under:

Sl. No.	Name of the Bank	Outstanding Balance as on September 30, 2011 (in lacs)	Present rate of Interest (%) P.A.
1	Axis Bank	355.70	14.75
2	Corporation Bank	354.55	15.75
3	ICICI Bank Ltd.	334.99	14.80
4	IDBI Bank Ltd.	422.16	15.25
5	Andhra Bank	617.60	15.00
6	Yes Bank	250.00	12.50
Total		2,335.00	

It shall be our endeavor to repay or part pay the outstanding loans carrying higher rate of interest. We propose to repay the outstanding working capital loan of Corporation Bank of ₹ 354.55 lacs and partly repay the outstanding working capital loan of IDBI Bank Limited to the extent of ₹ 275.45 lacs from the proceeds of this Issue.

2. Part repayment of unsecured loans

We have from time to time availed unsecured loans from our promoter/promoter group to finance the operations of our Company. The total outstanding unsecured loans as on September 30, 2011 are to the extent of ₹ 973.97 lacs. Our company proposes to repay part of these unsecured loans availed from promoter/promoter group to the extent of ₹ 715 lacs. The details of unsecured loans proposed to be repaid are as follows:

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Name of the entity from whom loan availed	Date	Amount of Loan Outstanding as on 30/09/2011 (in lacs)	Security	Rate of Interest (%) P.A.	Repayment Schedule
M/s. Silent Chain India P Ltd.	24/03/2009	340	ICD Unsecured	11	Repayable on demand
Mr. B Vijayakumar	04/11/2009	95	Unsecured Loan	11	Repayable on demand
Mr. V Rajvirdhan	10/12/2009	30	Unsecured Loan	11	Repayable on demand
Mr. Rajiv Parthasarathy	24/09/2009	250	Unsecured Loan	11	Repayable on demand
Total		715			

The repayment of these loans will go a long way in improving the financial position of our Company as the said loans which are short term in nature will be replaced by long term resource in the form of equity capital. The effect of repayment of these unsecured loans on our debt to equity would be as follows:

(₹ in lacs)

Particulars	Pre Issue as at September 30,2011	Post Issue
Borrowings		
Secured Loans (A)	6,335.00	5,705.00
Unsecured Loans (B)	973.97	258.96
Total Debts (A + B = C)	7,308.97	5,963.96
Shareholder's Funds		
Share capital	1,000.01	1,500.02
Reserves	2,898.85	2,898.85
Share Premium	-	875.01
Debit balance in Profit & Loss A/c	(3,586.13)	(3,586.13)
Total Shareholder's Fund (D)	312.73	1,687.83
Total Debt/Equity Ratio (C/D)	23.37 : 1	3.53 : 1

Thus, the said restructuring processes through this rights issue will not only ease the pressure on finance but also improve our financial ratios. The said process coupled with improvement in market conditions and business environment will benefit our Company in the long run.

3. To meet the issue expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Amount (₹ in lacs)	As percentage of total expenses	As a percentage of Issue size
Fees of the Intermediaries	18.50	61.67	1.35
Advertising, traveling and marketing expenses	4.40	14.67	0.32
Printing and stationery expenses	4.50	15.00	0.33
Statutory and other miscellaneous expenses	2.60	8.67	0.19
Total estimated Issue related expenses	30.00	100.00	2.18

Schedule of Implementation and Deployment of Funds

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on the current status of our business and are subject to change in light of variations in external circumstances or costs, or in our financial condition. We propose to deploy the issue proceeds on the objects of the issue immediately on completion of the Rights issue not exceeding 3 months time from the closure of the issue.

Funds Deployed

As per the certificate dated March 14, 2012 issued by M/s Haribhakti & Co., Chartered Accountants, we have deployed ₹ 20.69 lacs till March 14, 2012 towards Issue expenses. The same has been financed from the internal accruals of our Company.

Interim use of proceeds

The management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the Issue proceeds. Pending utilization of the Issue proceeds for the purposes described above, our Company intends to temporarily invest the funds in interest bearing liquid instruments including investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments, rated debentures or deposits with banks as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Appraisal

The objects of this Issue have not been appraised by any bank or any other independent financial institution.

Monitoring of Utilisation of Funds

Since the Issue size does not exceed ₹ 50,000 Lacs, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required. Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Issue Proceeds. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that the Issue proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with clause 43A of the Listing Agreement our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

BASIS FOR THE ISSUE PRICE

The Issue Price has been determined by our Company, in consultation with the Lead Manager, on the basis of market conditions and on the basis of the following quantitative and qualitative factors. The information presented in this section for Fiscal 2009, 2010 and 2011 is derived from our Company's audited financial information, prepared in accordance with Indian GAAP and the Companies Act and in accordance with the SEBI Regulations. You should read the following summary with the sections titled "Risk Factors", "Business Overview" and "Financial Information" on pages ix, 47 and 91, respectively, of the Letter of Offer, to get a more informed view before making an investment decision. The trading price of the Equity Shares could decline and you may lose all or part of your investments.

Qualitative Factors

- Part of a reputed business house "L.G. Balakrishnan & Bros Limited";
- Experienced management team;
- Established reputation for quality products;
- Grant/ Issuance of quality certifications and quality standards;
- Strong research and development team;
- Driving growth through innovation and marketing

For a detailed discussion on the qualitative factors, please refer to the sections titled "Our Business – Competitive Strengths" and "Risk Factors" on pages 54 and ix respectively of the Letter of Offer.

Quantitative Factors

Information presented in this section is derived from our Company's audited financial informations prepared in accordance with Indian GAAP, Companies Act and the SEBI Regulations. Quantitative factors are as follows:

1. Basic and Diluted Earnings per Share (EPS)

Period	Basic and Diluted EPS (₹)	Weight
Fiscal 2009	(1.12)	1
Fiscal 2010	(1.36)	2
Fiscal 2011	(0.86)	3
Weighted Average	(1.07)	
Six months ended September 30, 2011	(0.25)	

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Note:

- i. The figures disclosed above are based on the audited financial information of our Company.
- ii. The face value of each Equity Share is ₹ 1.
- iii. EPS calculation have been done in accordance with Accounting Standard 20- "Earning per share" issued by the Institute of Chartered Accountants of India
- iv. The above statement should be read with Significant Accounting Policies and the Notes to the audited financial information as appearing on page 97 of the Letter of Offer.

2. Price Earnings Ratio (P/E) in relation to the Issue price of ₹ 2.75 per Equity Share of ₹ 1 each

The P/E ratio based on the basic and diluted EPS for the Fiscal Year 2011 at the Issue Price is negative.

Industry P/E'

	P/E Ratio	Name of the Company	Face Value of the equity shares (₹)
Highest	100.20	Mahindra Forgings Limited	10
Lowest	3.30	Uni Abex Alloy Products Limited	10
Average	14.06	-	-

Source: Capital Market volume XXVII/01 March 5-18, 2012; Industry: Castings & Forgings

3. Return on Net Worth (RoNW)

Period	RoNW (%)	Weight
Fiscal 2009	(39.67)	1
Fiscal 2010	(95.70)	2
Fiscal 2011	(154.48)	3
Weighted Average	(115.75)	
Six months ended September 30, 2011	(78.48)	

Minimum Return on increased Net Worth required to maintain Pre-Issue EPS for Fiscal 2011 at the Issue Price on the basic and diluted EPS – 66.73%

4. Net Asset Value

Period	₹ per Equity Share
Fiscal 2009	2.78
Fiscal 2010	1.42
Fiscal 2011	0.56

Issue Price	₹2.75 per Equity Share
NAV after the Issue	₹1.13 per Equity Share

5. Comparison of Accounting Ratios with Industry Peers

Name of the company	Face Value (₹ per share)	EPS (₹)	P/E Ratio	RoNW (%)	Book Value (₹ per share)
LGB Forge	1	(0.86)	(3.44)	(154.48)	0.55
Peer Group**					
Ahmednagar Forgings Limited	10	29.60	5.80	13.10	169.20
Kalyani Forge	10	20.90	4.80	10.10	216.90
M M Forgings	10	16.20	5.10	17.30	107.10
Mahindra Forgings	10	-	100.20	-	93.50
Ramkrishna Forgings	10	12.00	8.20	15.80	94.70

Source: Capital Market volume XXVII/01 March 5-18, 2012; Industry: Castings & Forgings

The issue price of ₹ 2.75 per share is 2.75 times the face value of ₹1/- per equity share. The volume weighted average market price of the shares of our Company during a period of sixty trading days ending on the day prior to the date of determination of the rights issue price i.e., October 29, 2011 (Date of EGM) works out to ₹ 2.77 per Equity Share. Further,

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the 52 week high & low prices of our Equity Shares on BSE are ₹ 4.05 & ₹ 2.05 respectively, while on NSE are ₹ 4.45 & ₹ 2.00 respectively. Thus, considering the above qualitative and quantitative factors, the Issue Price is justified.

STATEMENT OF TAX BENEFITS

There are no Special Tax Benefits available to our Company. For detailed information on General Tax Benefits refer page 29 of the Letter of Offer.

ABOUT US

INDUSTRY OVERVIEW

For details on Industry Overview, please refer to page 39 of the Letter of Offer.

BUSINESS OVERVIEW

We are engaged in the manufacture and sale of forged and machined components in India, Europe and the United States. We manufacture auto, electrical, and transmission forged components for the original equipment manufacturers for automobiles. We also supply products to non-automotive segments like valve Industry and infrastructure equipment industry. We have three state-of-art manufacturing units one in Mysore and other two in Coimbatore, of which the Pillaippanpalayam, Coimbatore plant and Mysore Plant are owned by us whereas the Kodayampalayam plant is on lease basis.

Our Company has various divisions for forged products, viz., cold, hot and warm, and hot. We supply our products to all the reputed companies in India as well as select customers abroad.

Our Company was incorporated as a public limited company on June 7, 2006. In March 2008, as per the scheme of arrangement, the entire business and assets of forging unit of L.G. Balakrishnan & Bros Ltd was de-merged and transferred to our Company with effect from April 1, 2008. Prior to demerger, the forging division was part of L.G. Balakrishnan & Bros. Limited. The division was making losses on standalone basis and thus in order to provide greater focus to the business activities, it was proposed to demerge the forging division as a going concern. In order to revive the forging unit (post demerger), the methodology adopted by our Company involves efforts to reduce wastages and improve operational efficiency. The efficient selection of profitable products and by avoiding non profitable orders so as to reduce the losses has been the focus. The optimization of utilization of energy resources and also rationalization of manpower in certain areas of operation and to focus on lean manufacturing activity are some of the additional steps being implemented by our Company. On the financial front, our Company proposes to restructure the finances through the proposed rights issue to ease the pressure on finance and improve the financial ratios.

With effect from August 1, 2008, the Equity Shares of our company were listed on BSE and NSE.

For Fiscal Year 2010 and Fiscal Year 2011 our total income was ₹ 10,225.94 lacs and ₹ 12,755.26 lacs respectively. For the same periods our net loss after tax was ₹ 1,359.36 lacs and ₹ 862.31 lacs respectively.

Rationale for scheme of arrangement

Prior to the scheme of arrangement, L.G. Balakrishnan & Bros Limited was engaged in business areas of automotive & industrial transmission, forging and fine blanking, which in FY 2007-08 accounted for 55%, 15% and 18% of total revenue respectively. It was considered necessary to provide focused attention to each of the businesses which are distinct from each other. The said scheme was aimed at having administrative convenience of both the entities carrying out separate businesses.

Basic features of the scheme

The entire business of L.G. Balakrishnan & Bros. Limited consisted of many divisions. In order to provide greater focus to the business activities, it was proposed to demerge the forging division as a going concern. The said restructuring was aimed at increasing operational efficiencies and synergies in order to enable the management to explore growth opportunities. The vesting of demerged forging division into LGB Forge Limited will enable the management to focus on forging division independently. Accordingly all the assets and liabilities pertaining to forging division alongwith the manpower and other utilities were segregated with the appropriate valuation to effect the scheme of arrangement. The scheme not only enhances the operational efficiency of forging division, it also streamlines the operations of the main company, L.G. Balakrishnan & Bros. Limited by eliminating loss making divisions to have a separate focused attention on the same.

Salient Features of the scheme

1. L.G. Balakrishnan & Bros Limited (the transferor company) is having its registered office at 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore – 641 006 (Tamil Nadu). The company was engaged in the business activities with its three divisions, viz. automotive & industrial transmission, forging and fine blanking.
2. The company had filed the Scheme of Arrangement before the Hon'ble High Court of Judicature at Madras, on March 31, 2008 for approval and the Hon'ble High Court of Madras, approved the Scheme vide its order dated April 21, 2008.

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3. Pursuant to the Scheme of Arrangement, the entire Forging Division Business of the demerged company has been transferred to and vested in the Company with effect from April 1, 2008 (the Appointed Date) at book value on a going concern basis.
4. The Scheme of Arrangement became operational from the appointed date which is April 1, 2008.
5. Pursuant to the Scheme of Arrangement, the shareholders of L.G.Balakrishnan & Bros Limited whose name appeared in the Register of Members of L.G.Balakrishnan & Bros Limited on the record Date fixed for the aforesaid purpose has received 1 (One) Equity Share of ₹1/- each of the Company for every 1 (One) Equity Shares of ₹1/- each held by such member in L.G.Balakrishnan & Bros Limited.
6. All employees of L.G.Balakrishnan & Bros Limited who are working exclusively for the Forging Division and such other employees of L.G.Balakrishnan & Bros Limited who were working for both L.G.Balakrishnan & Bros Limited and the Forging Division have been by mutual consent be transferred to the Company on the Effective Date on the terms and conditions not less favorable than those on which they were engaged in L.G.Balakrishnan & Bros Limited and without any interruption of service as a result of the demerger.
7. The entire business including all assets and liabilities pertaining to the Forging division of the transferor company as on the appointed date was transferred to and vested in the LGB Forge Limited, on a going concern basis.

Products

Our Company manufactures various products under various categories namely –

a. Cold forging	Ball Pins, Ball Rods, Boss Rotor, Fuel Pump Components, Shaft, Pulley, Pleunger and two wheeler gear, Pinions, Sleeve and Sockets
b. Hot and warm forging	Bell, Body Starter Clutch, Tulip, Claw,
c. Hot forging	Spring Seedle Bottom, VWH Connecting Rod, Valve Bonnets, Brake Flange Forging, Rocker Arms, 11*24 Sonalika Pinion, 11*26 Differential Bevel Pinion, 11*16 Differential Bevel Pinion and Bucket Teeth

The above products manufactured by us usually belong to the Auto-Electricals category and Drive train category in Automotive Industry.

Facilities

Plant Location	Activities	Installed Capacity
Pillaippanpalayam Pillaippanpalayam Village Kumarapalayam Post, Coimbatore – 641 653	Hot & Warm Forging	3,000,000 Strokes
Kodayampalayam Pillayar Koil Street, Kottaipalayam Post Coimbatore – 641 110	Cold Forging	20,000,000 Strokes
Mysore Plot No.80 & 81, KRS Road, Metagalli Post Mysore – 570 016	Hot & Warm Forging	6,000,000 Strokes

Competitive Strengths

Strong research and development team

Our Company has a strong research and development backbone, which is constantly innovating the manufacturing process, improving yield and ingredients to reduce the costs and be competitive.

Experienced Management and Employees

Our Company is managed and run by a team of experienced professionals which in turn increases the profitability.

Established Reputation for Quality Projects

Our Company has obtained various certifications for ensuring quality standards at its facilities. The quality certifications include ISO 9001:2008, ISO/TS 16949:2009 and ISO 9001:2008.

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Standardized and documented internal processes

Our Company is in continuous process industry and the production is carried out in batches for which batch manufacturing records are maintained. There are standard operating procedures for manufacturing, quality control and quality assurance for the products manufactured. Our company also has preventive maintenance plans for smooth manufacturing operations.

Under the guidance of the highly skilled management, the company documented its internal processes and methodologies which ensures that each department and each employee of the company are aware of their respective roles and obligations, and each activity of production and development is as per the standards of quality that has been set. This also ensures uniformity in all the processes.

Our Strategy

Further research in process and product engineering to ensure the best manufacturing process for the auto electrical components in order to enhance competitiveness in the markets is one of our goals. Research and development in Tool and Die will better enable a competitive position in the market. Further enhancement of operations by improving the existing assets to yield better output and installation of new assets to enhance and attract new markets are also in the horizon.

For further details on our Business, please see “Business Overview” on page 47 of the Letter of Offer.

KEY INDUSTRY REGULATIONS

For details, please refer to page 57 of the Letter of Offer.

HISTORY AND OTHER CORPORATE MATTERS

For details, please refer to page 66 of the Letter of Offer.

MANAGEMENT

Board of Directors

The Articles of Association of our Company provides that our Company shall have not less than three and not more than twelve Directors on our Board. Our Company currently has seven Directors on our Board.

The following table sets forth details regarding the Board of Directors as on the date of this Abridged Letter of Offer/Letter of Offer:

Name, Address, Occupation, Date of Appointment, Term and DIN	Nationality	Age (years)	Designation	Other directorships in Companies, partnerships etc
Mr. B. Vijayakumar Address: 28, Kamaraj Road, Race Course, Coimbatore – 641018 Occupation: Industrialist Original date of appointment: June 7, 2006 Term: Liable to retire by rotation DIN: 00015583	Indian	58	Chairman	Companies <ol style="list-style-type: none"> 1. L.G.Balakrishnan & Bros Limited 2. Super Spinning Mills Limited 3. Elgi Equipments Limited 4. South Western Engineering India Limited 5. Rolon Fine Blank Limited 6. LGB Rolon Chain Limited 7. LG Sports Limited 8. LGB Fuel Systems Private Limited 9. Elgi Automotive Services Private Limited 10. LGB Auto Products Private Limited 11. LG Farm Products Private Limited 12. Super Speeds Private Limited 13. Super Transports Private Limited 14. BCW V Tech India Private Limited 15. Renold Chain India Private Limited Partnerships <ol style="list-style-type: none"> 1. M/s L.G.Balakrishnan & Bros, Karur 2. M/s LG Shares Trade LLP

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Name, Address, Occupation, Date of Appointment, Term and DIN	Nationality	Age (years)	Designation	Other directorships in Companies, partnerships etc
<p>Mr. Vijayakumar Rajvirdhan Address: No.28, Kamaraj Road Race Course Coimbatore – 641 018 Occupation: Industrialist Original date of appointment: January 28, 2010 Term: 3 years from the effective date of appointment i.e., February 1, 2010 DIN: 00156787</p>	Indian	28	Executive Director	<p>Companies</p> <ol style="list-style-type: none"> 1. L.G.Balakrishnan & Bros Limited 2. South Western Engineering India Limited 3. Rolon Fine Blank Limited 4. LGB Rolon Chain Limited 5. LGB Fuel Systems Private Limited 6. Elgi Automotive Services Private Limited 7. LGB Auto Products Private Limited 8. LG Farm Products Private Limited 9. Super Speeds Private Limited 10. Super Transports Private Limited 11. BCW V Tech India Private Limited <p>Partnerships</p> <ol style="list-style-type: none"> 1. M/s LG Shares Trade LLP
<p>Mr. P. Shanmugasundaram Address: 4/178, Green Lands Near Tansi Covai Road, Karur – 639 002 Occupation: Business Original date of appointment: April 4, 2008 Term: Liable to retire by rotation DIN: 00119411</p>	Indian	63	Non-Executive Independent Director	<ol style="list-style-type: none"> 1. L.G.Balakrishnan & Bros Limited 2. Sabare International Limited 3. D.S.M.Soft Private Limited <p>Partnership</p> <ol style="list-style-type: none"> 1. M/s Reddy, Goud and Janardhan
<p>Mr. P. V. Ramakrishnan Address: 14/16C1, Sharp Nagar SITRA, Kalapatty Road, Kalapatti Post, Coimbatore – 641 035 Occupation: Business Original date of appointment: April 4, 2008 Term: Liable to retire by rotation DIN: 00013441</p>	Indian	52	Non-Executive Independent Director	<ol style="list-style-type: none"> 1. Mikrosen Control Devices Private Limited 2. Palani Vijay Cottspin Private Limited <p>Partnership</p> <ol style="list-style-type: none"> 1. M/s Palani Vijay Cotton Spinning Mills
<p>Mr. K.N.V.Ramani Address: 154, Kalidas Road, Ramnagar, Coimbatore – 641 009 Occupation: Business Original date of appointment: January 29, 2008 Term: Liable to retire by rotation DIN: 00007931</p>	Indian	80	Non-Executive Independent Director	<ol style="list-style-type: none"> 1. Sri Kannapiran Mills Limited 2. Sri Chamundeswari Sugars Limited 3. KG Denim Limited 4. Bannariamman Spinning Mills Limied 5. Sree Sankara College Association 6. Shiva Teyarn Limited 7. K.P.R.Mill Limited 8. Srinidhi Investment Advisors Private Limited <p>Partnership</p> <ol style="list-style-type: none"> 1. M/s.Ramani and Shankar
<p>Mr. Harsha Lakshmikanth Address: GA Rain Tree Apartments, 16 Rhenius Street, Langford Town, Bangalore – 560025 Occupation: Business Original date of appointment: May 9, 2008 Term: Liable to retire by rotation DIN: 02238793</p>	Indian	34	Non-Executive Independent Director	<ol style="list-style-type: none"> 1. The Head Hunters (India) Private Limited 2. Placements.Com Private Limited 3. Mayajaal Entertainment Limited <p>Partnership</p> <ol style="list-style-type: none"> 1. K.G.G.Holdings 2. LG Shares Trade LLP
<p>Mr. Rajiv Parthasarathy Address: 32, Karpagambal Nagar, Mylapore, Chennai – 600 004 Occupation: Industrialist Original date of appointment: October 30, 2009 Term: Liable to retire by rotation DIN: 02495329</p>	Indian	34	Non-executive Non-Independent	<ol style="list-style-type: none"> 1. Metal Forms Private Limited 2. South Western Engineering India Limited 3. Oriental Hydraulics Private Limited 4. Jayaarun Spinning Mills Private Limited 5. Jayaanu Spinning Mills Private Limited <p>Partnership</p> <ol style="list-style-type: none"> 1. K.G.G.Holdings 2. LG Shares Trade LLP

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Confirmations

None of the Directors is or was a director of any listed company during the last five years preceding the date of filing of the Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Relationship between Directors

Name of the Directors	Relationship between Directors
Mr. B. Vijayakumar	Father of Mr. Vijayakumar Rajvirdhan and Father-in-Law of Mr. Rajiv Parthasarathy
Mr. Vijayakumar Rajvirdhan	Son of Mr. B. Vijayakumar and Brother-in-Law of Mr. Rajiv Parthasarathy
Mr. Rajiv Parthasarathy	Son-in-Law of Mr. B. Vijayakumar and Brother-in-Law of Mr. V. Ravirdhan

Except as stated above, none of the other Directors are related to each other.

Brief Profile

Mr. B. Vijayakumar is a Science Graduate by education and automobile engineer by profession. He has been the Managing Director of L.G. Balakrishnan & Bros Limited since 1987 and he has been responsible for the development of the overseas market for the L.G. Balakrishnan & Bros Limited's products. He has played vital role in the growth of the Group to the present level. He is instrumental in taking major policy decision of the Company. He is playing vital role in formulating business strategies and effective implementation of the same. He has an overall experience of 25 years.

Mr. Vijayakumar Rajvirdhan is an engineering graduate with specialisation in Industrial Management and has wide experience in operations and marketing. Being an Executive Director, he is also involved in framing strategies and implementing them towards the growth of our Company. He has overall experience of 4 years.

Mr. P. Shanmugasundaram is chartered accountant by profession and a law graduate. He has over 25 years of experience in the field of Accounts and Finance.

Mr. P. V. Ramakrishnan is an Engineer by qualification and has wide experience in operations and marketing and has held senior management positions during his career. He has overall experience of 25 years.

Mr. K.N.V. Ramani is a Corporate Lawyer with more than 47 years of active practice specializing in legislations like the Companies Act, Taxation and Labour Laws. He is the Legal Advisor for many Companies, Public Sector Undertakings, Banks and Financial Institutions etc. He is presently the senior partner of the law firm M/s. Ramani & Shankar, Advocates, Coimbatore.

Mr. Harsha Lakshmikanth is a software engineer and presently works with U4EA Technologies. He has overall experience of 9 years. He also holds directorship in various companies.

Mr. Rajiv Parthasarathy is an engineering graduate with specialization in Industrial Management and has wide experience in operations and marketing. He has overall experience of 11 years.

Changes in the Board in the last three years

The following changes have occurred in Board of Directors of our Company in the last three years:

Name	Date of Appointment/ Re-appointment/ Cessation	Reason for change
Mr. P.S. Balasubramanian	January 28, 2010	Resigned
Mrs. Rajsri Vijayakumar	January 28, 2010	Resigned
Mr. Vijayakumar Rajvirdhan	January 28, 2010	Appointed as Additional Director

Our Company has complied with the requirements of Corporate Governance contained in the Equity Listing Agreement, particularly those relating to composition of board of directors, constitution of committees such as Audit Committee, Shareholder/ Investor Grievance Committee, etc.

For further details, please refer to the section titled "Management" on page 70 of the Letter of Offer.

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PROMOTER AND PROMOTER GROUP

The promoter of our Company is Mr. B. Vijayakumar. As on the date of the Letter of Offer, Mr. B. Vijayakumar holds 11,632,200 Equity Shares, equivalent to 11.63% of the pre-Issue paid-up Equity Share Capital of our Company. His details are as under:

	<p>Mr. B. Vijayakumar is the Chairman of our Company. His Driving License Number is R/ TN/038/012099/2005 and Passport Number is Z1774504.</p> <p>Mr. B. Vijayakumar is a Science Graduate by education and automobile engineer by profession. He has been the Managing Director of L.G. Balakrishnan & Bros Limited since 1987 and he has been responsible for the development of the overseas market for the L.G. Balakrishnan & Bros Limited's products. He has played vital role in the growth of the Group to the present level. He is instrumental in taking major policy decision of the Company. He is playing vital role in formulating business strategies and effective implementation of the same. He has an overall experience of 25 years.</p> <p>For further details, see "Management" on page 70 of the Letter of Offer.</p>
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Promoter Group

In terms of Regulation 2 (1) (zb) of the SEBI ICDR Regulations, the following persons form a part of our Promoter Group.

Individuals related to our Promoter:

Name of the Promoter	Name of the Relative	Relationship with the Promoter
Mr. B. Vijayakumar	B. Sarojini	Mother
	Vijayakumar Vijayshree	Spouse
	V. Rajsri	Daughter
	Vijayakumar Rajvirdhan	Son
	Rajiv Parthasarathy	Son in law
	Arjun Karivardhan	Step Son
	Nithin Karivardhan	Step Son
	Soundarajan	Spouse's Father
	Saroja Soundarajan	Spouse's Mother
	Ranjith Soundarajan	Spouse's Brother
	Sujatha Soundarajan	Spouse's Sister

Companies, partnership firms, proprietary concerns, trusts, HUF's related to our Individual Promoter:

Nature of Relationship/ Reason for inclusion	Entity
Any company in which 10% or more of the share capital is held by the Promoter or an immediate relative of the Promoter or a firm or HUF in which the Promoter or any one or more of his immediate relatives is a member	<ol style="list-style-type: none"> 1. L.G. Balakrishnan & Bros Limited 2. Elgi Automotive Services Private Limited 3. LGB Auto Products Private Limited 4. Rolon Fine Blank Limited 5. Super Transports Private Limited 6. LG Farm Products Private Limited 7. Super Seeds Private Limited 8. LGB Rolon Chain Limited 9. Silent Chain India Private Limited 10. LGB Fuel Systems Private Limited 11. Vijayshree Spinning Mills Private Limited 12. South Western Engineering India Limited

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Nature of Relationship/ Reason for inclusion	Entity
Any company in which a company as mentioned above, holds 10% or more, of the equity share capital	<ol style="list-style-type: none"> 1. ELGI Automotive Services Private Limited 2. LGB Auto Products Private Limited 3. LG Sports Limited 4. Super Transports Private Limited 5. LG Farm products private Limited 6. BCW V Tech India Private Limited 7. LGB Rolon Chain Limited 8. South Western Engineering India Limited
Any HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total	<ol style="list-style-type: none"> 1. L.G Shares Trade LLP 2. KGG Holdings

Other than those stated above, there are no HUFs, proprietorships or other entities that are part of our Promoter Group.

GROUP COMPANIES

Unless otherwise stated none of the companies or other entities forming part of Group Companies is a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and neither of them have incurred any losses or have negative cash flows or are in the process of winding up. Further, one of our Group Companies, L.G. Balakrishnan & Bros Limited, is a listed company and it has not made any public issue of securities in the preceding three years.

Group Companies

Companies

1. L.G. Balakrishnan & Bros Limited;
2. BCW V Tech India Private Limited;
3. South Western Engineering India Limited;
4. LGB Auto Products Private Limited;
5. ELGI Automotive Services Private Limited;
6. LG Farm Products Private Limited;
7. Super Speeds Private Limited;
8. LG Sports Limited;
9. Super Transports Private Limited;
10. Silent Chain India Private Limited;
11. LGB Fuel Systems Private Limited;
12. Rolon Fine Blank Limited;
13. LGB Rolon Chain Limited

Partnership firms

1. L.G. Balakrishnan & Bros – Karur
2. L.G. Shares Trade LLP

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Details of top five Group Companies

1. L.G. Balakrishnan & Bros Limited (LGBBL)

Corporate Information

LGBBL was incorporated under the Companies Act on March 24, 1956. The registered office of the Company is situated at 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore – 641 006, Tamil Nadu, India. LGBBL is engaged in the business of manufacturing Transmission Chains (for Automobile & Industrial) and Metal Forming Fine Blankings. The corporate identification number is L29191TZ1956PLC000257.

Interest of the Promoter

As on December 31, 2011, Mr. B. Vijayakumar holds 880,220 equity shares of ₹10 each, aggregating to 11.22% of the issued and paid-up share capital of LGBBL.

Financial Performance

The brief standalone audited financial results of LGBBL for the FY 2011, 2010 and 2009 are as follows:

₹ in Lacs

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	784.81	784.81	784.81
Reserves (excluding revaluation reserves) and surplus	18,756.81	15,088.44	13,240.34
Income (including other income)	71,181.70	55,792.02	51,308.99
Profit after tax	4,580.50	2,483.51	3,914.32
EPS (FV ₹10 each)	58.36	31.64	10.80*
NAV	250.00	202.26	178.71

* - Adjusted to the face value of ₹10/- each

Share Price Information

The equity shares of LGBBL are listed on the BSE and the NSE.

The monthly high and low of the market price of the equity shares of LGBBL having a face value of ₹ 10 each on the BSE and the NSE, respectively, for the last six months is as follows:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
February 2012	330.00	288.00	330.50	287.00
January 2012	330.00	276.20	328.40	278.15
December 2011	325.00	275.05	328.95	275.00
November 2011	349.40	312.95	348.90	297.00
October 2011	325.30	282.00	324.75	275.05
September 2011	308.00	273.05	307.50	270.70

Source: Respective websites of the BSE & the NSE

As on the date of the Letter of Offer, there are no investor complaints pending.

2. Super Transports Private Limited (STPL)

Corporate Information

STPL was incorporated under the Companies Act 1956 on October 31st 1983. The registered office of the Company is situated at Mochakkottampalayam, Viswanathapuri post Andan Koil West Village, Karur - 639 002, Tamil Nadu, India. STPL is engaged in the business of Tyre Retreading and trading oil & lubricants. The Corporate Identification number is U93090TN1983PTC010416.

Interest of the Promoters

As on December 31, 2011, Mr. B. Vijayakumar holds 169000 equity shares of ₹10 each, aggregating to 16.92% of the issued and paid-up share capital of STPL.

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Financial Performance

The brief audited financial results of STPL for the FY 2011, 2010 and 2009 are as follows:

₹ in Lacs

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	99.90	99.90	99.90
Reserves (excluding revaluation reserves) and surplus	503.51	495.05	266.38
Income (including other income)	4260.68	3735.91	2950.91
Profit after tax	133.94	168.75	135.11
EPS (FV ₹10 each)	13.41	16.89	13.52
NAV	60.95	50.54	36.65

3. LGB Fuel Systems Private Limited (LGBFSPL)

Corporate Information

LGBFSPL was incorporated under the Companies Act 1956 on September 16th 2004. The registered office of the Company is situated at 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore – 641 006 Tamil Nadu, India. LGBFSPL is engaged in the business of Trading Automobile parts and accessories. The Corporate Identification number is U34300TZ2004PTC011337.

Interest of the Promoters

As on December 31, 2011, Mr. B. Vijayakumar holds 48,990 equity shares of ₹10 each, aggregating to 8.17% of the issued and paid-up share capital of LGBFSPL.

Financial Performance

The brief audited financial results of LGBFSPL for the FY 2011, 2010 and 2009 are as follows:

₹ in Lacs

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	60.00	60.00	60.00
Reserves (excluding revaluation reserves) and surplus	116.94	92.54	67.78
Income (including other income)	1258.82	1531.38	1464.20
Profit after tax	32.76	31.75	34.21
EPS (FV ₹10 each)	5.46	5.29	5.70
NAV	29.49	25.42	21.30

4. ELGI Automotive Services Private Limited (EASPL)

Corporate Information

EASPL was incorporated under the Companies Act 1956 on March 31st 1970. The registered office of the Company is situated at 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore – 641 006 Tamil Nadu, India. EASPL is engaged in the business of Trading Automobile parts and accessories. The Corporate Identification number is U29130TZ1970PTC000612.

Interest of the Promoters

As on December 31, 2011, Mr. B. Vijayakumar holds 169,600 equity shares of ₹10 each, aggregating to 34.61% of the issued and paid-up share capital of EASPL.

Financial Performance

The brief audited financial results of EASPL for the FY 2011, 2010 and 2009 are as follows:

₹ in Lacs

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	49.00	49.00	49.00
Reserves (excluding revaluation reserves) and surplus	990.55	930.40	828.14
Income (including other income)	1515.77	1323.16	1154.43
Profit after tax	117.09	116.54	93.58
EPS (FV ₹10 each)	23.90	23.78	19.10
NAV	212.15	199.88	179.00

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5. Super Speeds Private Limited (SSPL)

Corporate Information

SSPL was incorporated under the Companies Act 1956 on December 29, 1983. The registered office of the Company is situated at 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore – 641 006 Tamil Nadu, India. SSPL is engaged in the business of Automobile Engine reworks on job work basis. The Corporate Identification number is U74999TZ1983PTC001370.

Interest of the Promoters

As on December 31, 2011, Mr. B. Vijayakumar holds 163,000 equity shares of ₹10 each, aggregating to 24.70% of the issued and paid-up share capital of SSPL.

Financial Performance

The brief audited financial results of SSPL for the FY 2011, 2010 and 2009 are as follows:

₹ in Lacs

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Equity Capital	66.00	66.00	66.00
Reserves (excluding revaluation reserves) and surplus	493.78	449.46	392.11
Income (including other income)	367.85	308.00	219.83
Profit after tax	63.50	76.59	15.25
EPS (FV ₹10 each)	9.62	11.60	2.31
NAV	84.81	78.10	69.41

For further details, please refer to page 83 of the Letter of Offer.

DIVIDEND POLICY

For details, please refer to page 90 of the Letter of Offer.

FINANCIAL INFORMATION

Statement of assets and liabilities

₹ in Lacs

Particulars	Half year ended September 30, 2011	MARCH 31				
		2011	2010	2009	2008	2007
A Fixes Assets						
Gross Block	10,449.98	10,301.19	10,632.56	10,235.06	-	9.66
Less- Depreciation	5,747.21	5,240.98	4,352.52	3,421.81	-	-
Net Block	4,702.77	5,060.21	6,280.04	6,813.25	-	9.66
Capital Work in Progress	21.03	-	10.51	466.12	-	-
Total	4,723.80	5,060.21	6,290.55	7,279.37	-	9.66
B Current Assets, Loans and Advances						
Inventories	1,704.01	1,857.16	1,687.84	1,698.91	-	-
Sundry Debtors	3,211.45	2,716.68	2,965.67	2,784.98	-	-
Cash and Bank Balances	38.79	44.40	34.82	11.07	1.15	0.19
Loans and Advances	147.48	409.82	509.17	768.00	181.11	-
Other Current Assets	207.29	-	-	-	-	-
Total	5,309.02	5,028.06	5,197.50	5,262.96	182.26	0.19

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

C	Liabilities and Provisions						
	Secured Loans	6,335.00	5,581.43	5,961.95	7,018.49	-	-
	Unsecured Loans	973.97	1,524.71	1,640.18	525.62	-	-
	Current Liabilities and Provisions	2,411.12	2,423.93	2,465.41	2,178.40	1.72	0.55
	Total	9,720.09	9,530.07	10,067.54	9,722.51	1.72	0.55
D	NETWORTH (A + B - C)	312.73	558.20	1,420.51	2,819.82	180.54	9.31
E	Represented by						
	Share Capital	1,000.01	1,000.01	1,000.01	1,000.01	215.20	10.00
	Capital Reserve on Demerger	2,898.85	2,898.85	2,898.85	2,898.85	-	-
	Revaluation Reserve on Demerger	-	-	-	40.55	-	-
	TOTAL	3,898.86	3,898.86	3,898.86	3,939.41	215.20	10.00
F	Misc. expenditure to the extent not written of or adjusted	3,586.13	3,340.66	2,478.35	1,118.99	-	0.08
G	Preliminary Expenses	-	-	-	0.60	0.75	0.61
H	Pre-operative expenses	-	-	-	-	33.91	-
I	NETWORTH (E - F - G -H)	312.73	558.20	1,420.51	2,819.82	180.54	9.31

Statement of profit and loss

₹ in Lacs

Particulars	Half year ended September 30, 2011	March 31				
		2011	2010	2009	2008	2007
Income						
Sales-						
of products manufactured	6,647.11	12,755.26	10,225.94	9,429.25	-	-
of products traded	-	-	-	-	-	-
Sub-Total	6,647.11	12,755.26	10,225.94	9,429.25	-	-
Other Operational Income	-	-	-	-	-	-
Other Income	75.40	578.86*	147.79	170.29	5.10	-
Increase/(decrease) in inventories	14.14	(180.27)	21.54	13.23	-	-
Total	6,736.65	13,153.85	10,395.27	9,612.77	5.10	-
Expenditure						
Raw Material Consumed	3,357.81	6,610.97	5,420.63	5,079.39	-	-
Staff Cost	575.44	1,004.91	743.32	679.84	-	-
Other Manufacturing expenses	1,562.67	3,386.52	2,618.87	2,328.82	-	-
Administrative expenses	198.18	361.32	554.41	240.42	37.33	0.08
Selling and distribution expenses	267.39	568.62	380.30	320.20	-	-
Earnings /(Loss) Before Depreciation, Interest & Tax	775.16	1,221.51	677.74	964.10	(32.23)	(0.08)
Depreciation	506.56	1,052.24	1,072.60	1,065.83	-	-
Interest	514.03	1,031.58	964.47	1,009.76	-	-

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Particulars	Half year ended September 30, 2011	March 31				
		2011	2010	2009	2008	2007
Net Loss Before Tax and Extraordinary Items	(245.43)	(862.31)	(1,359.33)	(1,111.49)	(32.23)	(0.08)
Taxation						
- Current Tax	-	-	0.03	7.50	1.60	-
- Deferred Tax	-	-	-	-	-	-
Net Loss before extraordinary items	(245.43)	(862.31)	(1,359.36)	(1,118.99)	(33.83)	(0.08)
Extraordinary items (net of tax)	-	-	-	-	0.08	-
Net Loss after Extraordinary Items	(245.43)	(862.31)	(1,359.36)	(1,118.99)	(33.91)	(0.08)

* - increase is due to profit on sale of unproductive assets

Note:

1. Details of Other Income for the year ended March 31, 2011:

Particulars	₹ in lacs
Rent received	11.79
Foreign Exchange Gain (Net)	01.91
DEPB claim	33.67
Profit on sale of asset (Net)	531.49
Total	578.86

Statement of cash flow

₹ in Lacs

Particulars	Half year ended September 30, 2011	March 31				
		2011	2010	2009	2008	2007
Cash flow from operating activities						
Net profit/(Loss) after Tax and Extraordinary items	(245.43)	(862.31)	(1359.33)	(1111.49)	(32.23)	(0.08)
Adjustments for						
Depreciation	506.56	1052.24	1072.60	1065.83	-	-
Preliminary expense written off	-	-	0.60	0.15	-	-
(Profit) or Loss on sale of assets	0.12	(531.49)	(67.93)	1.50	(0.19)	-
Bad debts written off & Provision for doubtful debts	-	-	237.42	-	-	-
Finance charges	514.03	1031.58	964.46	1009.76	29.80	-
Reinstatement of Debtors and Creditors	(54.72)	-	32.14	-	-	-
Interest income	(5.01)	-	(10.73)	(24.11)	(4.91)	-
Operating profit before working capital changes	715.55	690.02	869.23	941.64	(7.53)	(0.08)
Adjustments for						
(Increase) / Decrease in sundry debtors	(652.67)	248.99	(188.27)	(395.78)	(180.00)	-
(Increase) / Decrease in Inventories	153.14	(169.32)	11.07	195.04	-	-
(Increase) / Decrease in Short term loans and advances	48.92	99.35	-	-	-	-
(Increase) / Decrease in Long term loans and advances	4.68	-	-	-	-	-

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Particulars	Half year ended September 30, 2011	March 31				
		2011	2010	2009	2008	2007
(Increase) / Decrease in Current liabilities and short term provisions	136.49	-	-	-	(0.06)	(0.06)
(Increase) / Decrease in Trade payable	64.75	(41.48)	305.66	1145.26	(0.50)	-
Cash generated from operations	470.86	827.56	997.69	1886.16	(188.09)	(0.14)
Income tax paid	-	-	(21.82)	(15.51)	(1.11)	-
Net cash from operating activities (A)	470.86	827.56	975.87	1870.65	(189.20)	(0.14)
Cash flow from Investing activities						
Purchase of Fixed assets	(170.39)	(109.58)	(352.66)	(441.22)	9.85	(9.66)
Proceeds from sale of fixed assets	0.12	819.18	296.26	-	-	-
Interest received	5.01	-	10.73	24.11	4.91	-
Net cash outflow from Investing activities (B)	(165.26)	709.60	(45.67)	(417.11)	14.76	(9.66)
Cash flow from financing activities						
(Repayment) / Proceeds of secured loan						
- Long Term Borrowings	(113.09)	(386.99)	(712.15)	(336.17)	-	-
- Short Term Borrowings	315.91	6.47	-	-	-	-
Unsecured Loans	-	(115.48)	1114.56	365.00	-	-
Working capital borrowings	-	-	(344.40)	(470.33)	-	-
Interest paid	(514.03)	(1031.58)	(964.46)	(1009.76)	(29.80)	-
Increase in Share capital	-	-	-	-	-	10.00
Extra Ordinary items	-	-	-	-	205.20	-
Net cash used in financing activities (C)	(311.21)	(1527.58)	(906.45)	(1451.26)	175.40	10.00
Net increase in cash and cash equivalents (A) + (B) + (C)	(5.61)	9.58	23.75	2.28	0.96	0.19
Opening Balance	44.40	34.82	11.07	8.79	0.19	-
Closing Balance	38.79	44.40	34.82	11.07	1.15	0.19

For further details on our Financial Information, please refer to page 91 of the Letter of Offer.

CERTAIN OTHER FINANCIAL INFORMATION

In accordance with circular no. F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, the information required to be disclosed for the period between the last date of financial statements provided to the shareholders and the date preceding one month from the date of Letter of Offer is provided below:

1. Working Results of our Company for the period from October 1, 2011 to January 31, 2012

Sr.No.	Particulars	Amount (₹ in Lacs)
1.	Sales / turnover	4,124.02
2.	Other income	4.28
3.	Total income	4,128.30
4.	PBIDT	461.42
5.	Interest & Finance Charges	354.67
6.	Provision for Depreciation	340.63
7.	Provision for Tax	-
8.	Profit /(Loss) after Tax	(233.88)

2. Material changes and commitments, if any, affecting the financial position of our Company

In the opinion of our Board, there have not arisen since the date of the last financial statements disclosed in the Letter of Offer, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months otherwise than as disclosed in the Letter of Offer which will impact our performance and prospects.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited financial information for FY 2009, FY 2010 and FY 2011 and for the half year ended September 30, 2011 including the notes thereto and the reports thereon, which are included in the Letter of Offer. Our audited financial information is prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act and the SEBI Regulations. You should also read the sections titled "Risk Factors" and "Forward-Looking Statements" on page ix and page viii, respectively, of the Letter of Offer which discuss a number of factors and contingencies that could impact our financial condition and results of operations.

Significant developments subsequent to the date of the last financial statement as disclosed in the Letter of Offer

Our Board of Directors are of the opinion that no circumstances have arisen since September 30, 2011 (i.e., the date of the last financial statement as disclosed in the Letter of Offer) which have materially and adversely affected or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Increase in Inventories

On assets and liabilities statement, it may be observed that the inventories have increased to ₹1,857.16 lacs in March 31, 2011 as compared to 1,687.84 lacs in March 31, 2010. The turnover/ income from manufacturing activity for March 31, 2010 was ₹10,225.94 lacs and inventory was ₹1,698.91 lacs representing stock turnover ratio of 6.05 times. The turnover/ income for March 31, 2011 was ₹12,755.26 lacs and inventory was ₹1,857.16 lacs representing stock turnover ratio of 6.86 times. On perusal of financial results for September 30, 2011 it will be observed that stock turnover ratio is 3.90 times. On comparison with financial year same will translate into about 7.80 times which is not abnormal with likely increase in turnover. Therefore the inventory levels at the end of financial year are not comparable with the financials at the end of half year. The working capital limits sanctioned by the Banks also have a relation with the current asset level and in particular with inventories. The marginal increase in inventory can be attributed to market situation. The lead time of the supplies, the increased production time due to power cuts, increase in steel price, the main raw material etc. have lead to the increase in inventories.

Increase in secured loan and decrease in unsecured loan

During April 2011, an additional secured term loan to the extent of ₹1,200 lacs was sanctioned from ICICI Bank out of which ₹ 1,197 lacs was availed by our Company. From the proceeds of said term loan, our Company has settled an unsecured loan of ₹443.43 lacs. As a result there has been an increase in secured loan and decrease in unsecured loan for the half year ended September 30, 2011.

We state that there is no related party included in Loans & Advances. As far as unsecured loans are concerned it comprises of unsecured loans from related parties to the extent of ₹440 lacs.

Comparison of performance for FY 2011 with FY 2010**Total Income**

During the FY 2011, the total income was ₹13,153.85 Lacs as compared to ₹10,395.27 Lacs for FY 2010, an increase of 26.54%. Due to increased demand in the industry for our products, we increased our installed forging capacity. Our capacity utilization levels have also improved over the last year. Both these factors contribute to higher volumes produced and thereby higher income from manufacturing activity. Apart from that, we have earned profit on sale of our land and building at our Kovilpalayam plant amounting to ₹530.65 Lacs.

Expenditure

Our expenditure on raw material consumption increased to ₹6,610.97 lacs in FY 2011 from 5,420.63 in FY 2010, i.e., an increase of 21.96% mainly on account of increase in the capacity utilization levels as also increase in production led by increase in demand of our products.

Our other manufacturing expenses increased from ₹2,618.87 Lacs in FY 2010 to ₹3,386.52 Lacs in FY 2011, an increase of 29.31%. This increase was mainly on account of the increase in the production due to increase in the capacity thereby leading to increase in production.

Our expenditure on selling and distribution increased from ₹ 380.30 Lacs in FY 2010 to ₹568.62 Lacs in FY 2011, an increase of 49.52%. This was due to increase in our export sales which rose from ₹ 1,172.98 Lacs in FY 2010 to ₹1,376.28 Lacs in FY 2011. Due to increase in the fuel price, transporters had drastically increased their freight rates which resulted in an increase in the outward freight.

The other operating expenses (i.e., administration expenses and staff costs) marginally increased by 5.28% in FY 2011 compared to FY 2010, mainly due to increase in our productivity, effective utilization of manpower and other administrative expenses.

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Finance Charges

Finance charges for FY 2011 were ₹1,031.58 Lacs compared to ₹964.47 Lacs for FY 2010, a marginal increase of 6.96%. This was due to capacity additions which led to increase in production.

Depreciation

The depreciation for FY 31.3.2011 was ₹1,052.24 Lacs compared to ₹1,072.60 Lacs for FY 31.3.2010, a decrease of around 1.90 %. This decrease was mainly on account of deletion of fixed assets like land & building of our Kovilpalayam plant during 2010-11.

Net Loss

The net loss for FY 2011 was ₹862.31 Lacs compared to ₹1,359.33 Lacs for FY 2010 leading to a decrease of 36.56%. This was mainly due to increase in our capacity expansion which led to increase in production thereby leading to higher sales revenues and at the same time, achieving economies of scale, apart from our sale of fixed assets during 2010-11.

Comparison of performance for FY 2010 with FY 2009

Total Income

During the FY 2010, there was a marginal increase in total income by 8.14% at ₹ 10,395.27 Lacs as against ₹ 9,612.77 Lacs during FY 2009, mainly on account of increase of sales realization by our customers.

Expenditure

Due to marginal increase in our production levels because of marginal increase in demand, our expenditure on raw material consumption increased marginally by 7.00% to ₹5,420.63 lacs in FY 2010 from 5,066.16 lacs in FY 2009.

Our other manufacturing expenses also increased marginally by 12.45% to ₹2,618.87 Lacs in FY 2010 from ₹ 2,328.82 Lacs in FY 2009.

Given the fact that there was marginal increase in our production levels and no major growth in the demand for our products, the other expenses i.e., selling & distribution expenses and staff costs grew marginally by 18.77% and 9.34% respectively.

Finance Charges

Finance charges for FY 2010 were at ₹ 964.47 Lacs compared to ₹1,009.76 Lacs for FY 2009. This decrease was due to effective utilization of working capital loans.

Depreciation

The depreciation for FY 2010 was ₹1,072.60 Lacs compared to ₹1,065.83 Lacs for FY 2009, a marginal increase of 0.64%. This increase was mainly on account of addition in our Gross Block on account of increasing our CNC machines at our Pillaippalayam plant for machining operation.

Net Loss

The net loss for FY 2010 was higher at ₹1,359.33 Lacs as against ₹1,111.49 Lacs during FY 2009 due to increase in rental charges on machinery, foreign currency loss on our export sales, bad debts written off.

Comparison of performance for FY 2009 with FY 2008

During FY 2009, our Company started manufacturing activity of forging which led the total income of the company to be at ₹ 9,612.77 lacs as compared to a nominal income of ₹5.10 lacs as our Company did not pursue any business activity in FY 2008. Our Company incurred a net loss of ₹ 1,118.99 lacs as against the net loss of ₹ 33.83 lacs in FY 2008 which was due to the cost incurred towards the administration.

MARKET PRICE INFORMATION

The high, low and average market prices of the Equity Shares of face value of ₹ 1/- each during the preceding three years were recorded, as stated below:

BSE							
Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on Date of low (No. of Shares)	Average (₹)
2011	October 28, 2010	4.23	139,556	June 22, 2010	2.60	25,908	3.18
2010	December 22, 2009	3.58	165,802	April 6, 2009	1.47	2,575	2.59
2009	August 1, 2008	4.95	4,887,125	March 13, 2009	1.26	6,066	2.10

Source:www.bseindia.com

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NSE							
Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on Date of low (No. of Shares)	Average (₹)
2011	October 29, 2010	4.45	43,016	June 22, 2010	2.60	26,841	3.18
2010	December 22, 2009	3.60	199,878	April 1, 2009	1.45	3,050	2.59
2009	August 1, 2008	5.40	6,228,627	March 12, 2009	1.30	7,887	2.12

Source: www.nseindia.com

Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of the Letter of Offer is as stated below:

BSE							
Month	Date	High (₹)	Volume (No. of Shares)	Date	Low (₹)	Volume (No. of Shares)	Average (₹)
February 2012	13 th	2.99	9,400	27 th	2.56	2,769	2.74
January 2012	13 th	3.02	10,315	30 th	2.55	2,309	2.78
December 2011	15 th	2.94	75,402	12 th	2.55	9,100	2.72
November 2011	8 th	3.06	3,160	28 th	2.52	1,090	2.76
October 2011	14 th	3.20	28,725	3 rd	2.57	15,901	2.98
September 2011	7 th	3.08	53,658	27 th	2.45	10,658	2.68

Source: www.bseindia.com

NSE							
Month	Date	High (₹)	Volume (No. of Shares)	Date	Low (₹)	Volume (No. of Shares)	Average (₹)
February 2012	13 th	3.00	995	24 th	2.50	2,101	2.75
January 2012	24 th	2.95	5,021	31 st	2.65	9,525	2.80
December 2011	20 th	2.95	21,823	12 th	2.50	3,804	2.70
November 2011	3 rd	3.05	2,971	24 th	2.60	5,362	2.76
October 2011	20 th	3.15	851	3 rd	2.70	100	3.00
September 2011	7 th	3.10	101,261	22 nd	2.45	22,765	2.71

Source: www.nseindia.com

Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

Closing market price on the date of the Board resolution of approving the Issue

The closing prices of Equity Shares as on October 3, 2011 (the trading day immediately following the day on which the Board resolution was passed approving the Rights Issue) and on October 31, 2011 (the trading day immediately following the day on which the members of our Company at the EGM authorized the Rights Issue) on BSE and the NSE were as under:

Date	BSE (₹)	NSE (₹)
October 3, 2011	2.57	2.70
October 31, 2011	3.02	3.10

FINANCIAL INDEBTEDNESS

For details, please refer to page 119 of the Letter of Offer.

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors and our Promoter and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of Preference Shares issued by our Company, default in creation of full security as per

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terms of issue/other liabilities, no amounts owed to small scale undertakings exceeding ₹ 1 lacs, which is outstanding for more than 30 days, no proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act, 1956) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoter and our Directors.

I. Proceeding involving our Company

- a. *Proceedings against/ by our Company - NIL*
- b. *Notices received by/ issued by our Company - NIL*

II. Proceedings involving our Promoter

- a. *Proceedings against/ by our Promoter - NIL*
- b. *Notices against/ issued by our Promoter - NIL*

III. Proceedings involving our Directors

- a. *Proceedings against/ by our Directors - NIL*
- b. *Notices against/ issued by our Directors – NIL*

For details on proceedings involving group companies, please see page 122 of the Letter of Offer.

MATERIAL DEVELOPMENTS

Material Developments since the last Balance Sheet date

For information on Material Developments, please refer to section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 111 of the Letter of Offer.

GOVERNMENT APPROVAL

Please refer to the section titled “Government Approvals” on page 132 of the Letter of Offer.

Authority for the Issue

This Issue of Equity Shares to the Equity Shareholders of our Company as on the Record Date is being made in accordance with the resolution passed by our members at the EGM under sections 81(1) and 81 (1A) of the Companies Act, at their meeting held on October 22, 2011.

Prohibition by SEBI and various Agencies/Other Regulatory Bodies

Our Company, our Associates, our Promoters, our Promoter Group companies, or the companies with which the Directors are associated as directors or promoters, have not been prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

None of our Company, the Associates, the Promoters or the members of the Promoter Group have been declared willful defaulters by the RBI or any Government authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

None of our Directors are associated in any manner with any entity which is engaged in securities market related business and is registered with SEBI for the same.

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

We confirm that there are no regulatory actions initiated/taken against our Company, Promoter Group Companies and the Promoter in their individual capacity by various agencies/regulatory bodies.

Compliance with part A of schedule VIII of SEBI Regulations

Pursuant to sub-clause (b) of clause (3) of part E of Schedule VIII of the SEBI Regulations, our Company is eligible to offer this Issue in terms of Part A of Schedule VIII of the SEBI Regulations.

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Pursuant to the scheme of arrangement approved by the Hon'ble High Court at Madras, the entire business and assets of forging unit of L.G. Balakrishnan & Bros Limited was demerged and transferred to our Company with effect from April 1, 2008 and thus from August 1, 2008 the equity shares of our Company were listed on BSE and NSE. Subsequent to such listing, we are making this Issue of Equity Shares on rights basis for the first time.

Other compliances

The Company has complied with the following during the financial year immediately preceding the date of the Letter of Offer.

- i. Provisions of the Listing Agreement with respect to reporting and compliance under Clauses 35, 40A, 41 and 49,
- ii. Provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, with respect to reporting in terms of Regulation 8 (3) pertaining to disclosure of changes in shareholding and Regulation 8A, pertaining to disclosure of pledged shares.
- iii. Provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, with respect to reporting in terms of Regulation 13.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED / CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 5, 2011 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER COMPANY, WE CONFIRM THAT:**
 - a) THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.***

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

* Pursuant to Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and in compliance with SEBI Circular No. SEBI/MIRSD/DR-2/SRP/Cir-2/2005 dated January 4, 2005, an application dated September 12, 2011 for renewal of the certificate of registration/ permanent registration, in the prescribed manner, was made by Keynote Corporate Services Limited to SEBI, three months before the expiry of the said certificate of registration i.e., December 15, 2011. The approval of SEBI in this regard is awaited. No communication has been received by Keynote Corporate Services Limited from SEBI rejecting the said application.

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE AS THE ISSUE IS NOT UNDERWRITTEN.**
5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. – NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE.**
6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE.**
7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE.**
8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**
10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**
11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
 - a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
 - b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY KEYNOTE CORPORATE SERVICES LIMITED' AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR. - NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE.

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.

THE PROMOTER/ DIRECTORS OF LGB FORGE LIMITED, MR. B. VIJAYAKUMAR, MR. VIJAYAKUMAR RAJVIRDHAN, MR. K.N.V. RAMANI, MR. P. SHANMUGASUNDARAM, MR. P.V. RAMAKRISHNAN, MR. RAJIV PARTHASARATHY AND MR. HARSHA LAKSHMIKANTH CONFIRM THAT NO INFORMATION/ MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THE DRAFT LETTER OF OFFER HAS BEEN SUPPRESSED WITHHELD AND/ OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/ MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT IN TIME TILL ALLOTMENT/ REFUND AS THE CASE MAY BE, THAT ANY INFORMATION/ MATERIAL HAS BEEN UPSPRESSED/ WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS/ DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in the Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and our Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI.

Investors who invest in the Issue will be deemed to have represented to our Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Caution

Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the LM and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares in the Issue.

Disclaimer with respect to jurisdiction

The Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Coimbatore, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE.

Disclaimer Clause of BSE

BSE has given vide its letter no. DCS/PREF/NTP/IP-RT/698/2011-12 dated December 26, 2011 permission to our Company to use BSE's name in the Letter of Offer as one of the Stock Exchanges on which the Equity Shares are proposed to be listed. BSE has scrutinized the Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. BSE does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of the Letter of Offer; or (ii) warrant that this Company's securities will be listed or will continue to be listed on BSE; or (iii) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that the Letter of Offer has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of the Letter of Offer has been filed with the NSE. The NSE has given vide its letter no. NSE/LIST/154655-W dated December 27, 2011 permission to our Company to use NSE's name in the Letter of Offer as one of the Stock Exchanges on which the Equity Shares are proposed to be listed. The NSE has scrutinized the Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by NSE, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Letter of Offer; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of our Company, the Promoters, its management or any scheme or project of our Company.

Every person who desires to apply for or otherwise acquire any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

The Draft Letter of Offer was filed with the Corporation Finance Department of the SEBI, located at SEBI Southern Regional Office, D'Monte Building, 3rd Floor, No. 32, D'monte Colony, TTK Road, Alwarpet, Chennai – 600 018, India for its observations. Pursuant to SEBI's observations, the Letter of Offer has been filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Listing

The existing Equity Shares are listed on BSE and NSE. Our Company has made applications to BSE, and NSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of the Letter of Offer. Our Company has received in-principle approvals from BSE by letter dated December 26, 2011 and NSE by letter dated December 27, 2011.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

Our Company will apply to BSE and NSE for listing of the Equity Shares to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer. If such money is not paid within 8 days after we becomes liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under the Section 73 of the Act.

Consents

Consents in writing of the Directors, the Auditors, the Lead Manager, the Legal Counsel, the Registrar to the Issue and the Bankers to the Issue and experts to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Letter of Offer. M/s. Haribhakti & Co., Chartered Accountants, the Auditors of our Company, have given their written consent for the inclusion of their report in the form and content appearing in the Letter of Offer and such consent and report have not been withdrawn up to the date of the Letter of Offer.

Expert Opinion

Other than reports of our Auditor in respect of the information in the section "Financial Information" and "Statement of Tax Benefits" on page 91 and page 29, no expert opinion has been obtained by our Company in relation to the Issue.

Previous Issues by our Company

Our Company has not undertaken any public or rights issue during the last five years.

Outstanding Debentures/Bonds and Preference Shares

There are no outstanding debentures/ Bonds and preference shares as on the date of the Letter of Offer.

Previous Public Issues by group companies/ Subsidiaries

None of our group companies have made any public or rights issue in the past three years. Further, as on the date of the Letter of Offer, we do not have any subsidiary company.

Option to Subscribe

Applicants to the Equity Shares of our Company issued through this Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. The Company has signed a tripartite agreement with NSDL and Cameo Corporate Services Limited, and with CDSL and Cameo Corporate Services Limited which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates. The ISIN number allotted to our Company is INE201J01017.

Previous issue of Equity Shares for consideration other than cash

Other than as disclosed in the section titled "Capital Structure" on page 16 our Company has not made any issue of Equity Shares for consideration other than cash.

Investor Grievances and Redressal System

For details, please refer to page 141 of the Letter of Offer.

Changes in the Auditors during the last three years

Our Company has appointed M/s Haribhakti & Co., Chartered Accountants as the statutory auditors of the Company in place of the retiring auditor, M/s Suri & Co., Chartered Accountants vide ordinary resolution dated June 14, 2010 at the AGM of our Company.

Capitalization of Reserves or Profits / Issuance of Equity Shares for consideration other than cash

Our Company has not capitalized any of its reserves or profits / issued shares for consideration other than cash.

Revaluation of Fixed Assets

There has been no revaluation of our Company's fixed assets in the last five years.

For further details, please refer to section titled "Other Regulatory and Statutory Disclosures" on page 134 of the Letter of Offer.

TERMS OF THE ISSUE

The Equity Shares proposed to be issued are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer and the enclosed CAF, the Memorandum of Association and Articles of Association of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, as amended, applicable guidelines and regulations issued by SEBI, or other statutory authorities and bodies from time to time, the Listing Agreements entered into by our Company, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. All rights/obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Rights Issue in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date i.e., Wednesday, March 21, 2012, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of our Company as on the Record Date, i.e., Wednesday, March 21, 2012, you are entitled to the number of Equity Shares as set out in Part A of the enclosed CAFs.

The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. The Company is making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

Each Equity Share will have the face value of ₹ 1.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ 2.75 for cash at a premium of ₹ 1.75 per Equity Share. The Issue Price has been arrived at after consultation between our Company and the Lead Manager.

Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of one Equity Shares for every two Equity Shares held (i.e., 1:2) on the Record Date.

Terms of Payment

The full amount of ₹ 2.75 per Equity Share is payable on application.

Fractional Entitlements

Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter's entitlement.

Ranking

The Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares issued under this Issue shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares.

Listing and trading of Equity Shares proposed to be issued

Our Company's existing Equity Shares are currently listed and traded on BSE (Scrip Code: 533007) and the NSE (Scrip Code – LGBFORGE) under the ISIN INE201J01017.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment the Equity Shares shall be traded on Stock Exchanges in demat segment only.

Our Company has made an application for "in-principle" approval for listing of the Equity Shares respectively to BSE and the NSE and has received such approval from BSE pursuant to the letter no. DCS/PREF/NTP/IP-RT/698/2011-12, dated December 26, 2011 and from the NSE pursuant to letter no. NSE/LIST/154655-W dated December 27, 2011. Our Company will apply to the Stock Exchanges for final approval for the listing and trading of the Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken within seven working days from the finalisation of the basis of allotment. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges under the existing ISIN for Equity Shares of our Company.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

Arrangements for Disposal of Odd Lots

Our Company's shares will be traded in dematerialized form only and therefore the marketable lot is one (1) share. Therefore, there is no possibility of any odd lots.

Restrictions on transfer and transmission of shares and on their consolidation/ splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this issue.

General Terms of the Issue

Market Lot

The market lot for the Equity Shares of our Company in dematerialised mode is one Equity Share. In case an Equity Shareholder holds Equity Shares in physical form, our Company would issue to the allottees one certificate for the Equity Shares allotted to each folio ("Consolidated Certificate"). In respect of Consolidated Certificates, our Company will upon receipt of a request from the respective holder of Equity Shares, split such Consolidated Certificates into smaller denominations within one weeks time from the receipt of the request in respect thereof. Our Company shall not charge a fee for splitting any of the Share Certificates.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of Section 109A of the Companies Act, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Equity Shareholder(s) required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in the state within which our Company’s registered office is located or, will be sent by ordinary post / registered post / speed post to the registered holders of the Equity Shares from time to time.

Additional Subscription by the Promoters

The Promoter and Promoter Group have confirmed that they intend to subscribe collectively to the full extent of their Rights Entitlement in the Issue. The Promoter and Promoter Group have provided an undertaking dated December 5, 2011 to our Company to apply for additional Equity Shares, to the extent of the unsubscribed portion of the Issue, if any, from the public shareholders. As a result of this subscription and consequent Allotment, the Promoter and Promoter Group may acquire Equity Shares over and above their Rights Entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the Rights Entitlement. Such subscription and acquisition of additional Equity Shares by the Promoter and the Promoter Group through this Issue, if any, will not result in change of control of the management of our Company. Assuming no subscription from the public is received and the Promoter and Promoter group subscribing to such unsubscribed portion in full, their post Issue shareholding in our Company may increase to 70.25% from the present 55.38% as on September 30, 2011. Thus, post Issue, the public shareholding in our Company would stand at 29.75% which is in compliance with “continuous listing requirements” as per the provisions of Rule 19(A)(1) of SCRR. Further, such acquisition is exempted from the obligation to make an open offer as the conditions prescribed in Regulation 10(4)(b) of the Takeover Code are duly complied with.

For details, please see the chapter “Terms of the Issue - Basis of Allotment” on page 153 of the Letter of Offer.

Procedure for Application

The CAF for rights Equity Shares would be printed for all Equity Shareholders. In case the original CAFs are not received by the

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Investor or is misplaced by the Investor, the Investor may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

The CAF consists of four parts:

Part A: Form for accepting the Rights Equity Shares and for applying for additional rights Equity Shares;

Part B: Form for renunciation of Equity Shares;

Part C: Form for application for renunciation of Equity Shares by Renouncee(s);

Part D: Form for request for split Application forms.

Acceptance of the Issue

You may accept the offer to participate and apply for the rights Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAFs and submit the same along with the application money payable to the collection branches of the Bankers to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Coimbatore/demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "Mode of Payment for Resident Equity Shareholders / Investors" and "Mode of Payment for Non-Resident Equity Shareholders/ Investors" on pages 167 and 168 of the Letter of Offer.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "Basis of Allotment" on page 153 of the Letter of Offer.

If you desire to apply for additional Rights Issue Equity Shares, please indicate your requirement in the place provided for additional Rights Issue Equity Shares in Part A of the CAF. The Renouncee applying for all the Rights Issue Equity Shares renounced in their favour may also apply for additional Rights Issue Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register and Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States, who

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are not Qualified Institutional Buyers (as defined the US Securities Act), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the

Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the person(s) applying for Rights Issue Equity Shares in Part ‘C’ of the CAF to receive Allotment of such Rights Issue Equity Shares. The Renounees applying for all the Rights Issue Equity Shares renounced in their favour may also apply for additional Rights Issue Equity Shares. Part ‘A’ of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Rights Issue Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renounee

If you wish to renounce the offer indicated in Part ‘A’, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint Renounees, all joint Renounees must sign Part ‘C’ of the CAF.

To renounce in part / or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part ‘D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed. In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with our Company, the application is liable to be rejected.

Renounee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part ‘C’ of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full. The Renounee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

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However, this right of renunciation is subject to the express condition that the Board of Directors of our Company shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>)
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (<i>all joint holders must sign</i>) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
4. Renounce your Rights Entitlement in full to one person (<i>Joint Renouncees are considered as one</i>).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>All joint Renouncees must sign</i>)
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms/SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before Friday, April 13, 2012.
- Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor (s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in the United States, who are not Qualified Institutional Buyers (as defined the US Securities Act), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Non-resident Equity Shareholders

Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

The Abridged Letter of Offer and CAF shall be dispatched to non-resident Equity Shareholders at their Indian address only.

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Non-resident Equity Shareholders will be required to represent, inter alia, that they are not excluded U.S. Persons as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of both the applications.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft (after deducting banking and postal charges) payable at Mumbai which should be drawn in favour of "LGB Forge Limited – Rights Issue - R" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "LGB Forge Limited – Rights Issue – NR" in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed "LGB Forge Limited – Rights Issue - R" in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and "LGB Forge Limited – Rights Issue – NR" in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being LGB Forge Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ 2.75 per Equity Share;
- Particulars of cheque/draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order; and
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- In case of Non Resident Shareholders, NRE / FCNR / NRO account no., name and address of the Bank and branch should be given;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company; and
- Additionally, all such applicants are deemed to have accepted the following:

"I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United

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States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Investor without any interest thereon.

Last date for Application

The last date for submission of the duly filled in CAF is Saturday, April 28, 2012.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the chapter “Terms of the Issue – Basis of Allotment” on page 153 of the Letter of Offer.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer/ Abridged Letter of Offer/ CAF, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

- a. Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- b. Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) above. The Allotment of such Equity Shares will be at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential Allotment.
- c. Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a) and (b) above. The Allotment of such

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Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment;

- d. Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b) and (c) above.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 10(4)(b) of the Takeover Code. The Promoter and Promoter Group have confirmed that they intend to subscribe collectively to the full extent of their Rights Entitlement in the Issue. The Promoter and Promoter Group have provided an undertaking dated December 5, 2011 to our Company to apply for additional Equity Shares, to the extent of the unsubscribed portion of the Issue, if any, from the public shareholders. As a result of this subscription and consequent Allotment, the Promoter and Promoter Group may acquire Equity Shares over and above their Rights Entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the Rights Entitlement. Such subscription and acquisition of additional Equity Shares by the Promoter and the Promoter Group through this Issue, if any, will not result in change of control of the management of our Company. Assuming no subscription from the public is received and the Promoter and Promoter group subscribing to such unsubscribed portion in full, their post Issue shareholding in our Company may increase to 70.25% from the present 55.38% as on September 30, 2011. Thus, post Issue, the public shareholding in our Company would stand at 29.75% which is in compliance with "continuous listing requirements" as per the provisions of Rule 19(A)(1) of SCRR. Further, such acquisition is exempted from the obligation to make an open offer as the conditions prescribed in Regulation 10(4)(b) of the Takeover Code are duly complied with.

Underwriting

This Issue of Equity Shares is not being underwritten and/or no standby support is being sought for the said Issue.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

Please note in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. For further details please refer to "Grounds for Technical Rejection under ASBA Process" on page 159 of the Letter of Offer.

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the Self Certified Syndicate Bank ("SCSB") in which the Application Money will be blocked by the SCSB.

The Lead Manager, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

ASBA Investors who are eligible to apply under the ASBA Process

An ASBA Investor is an investor (either Equity Shareholder or Renounee) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs.

All QIBs and Non-Institutional Investors, complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process.

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CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who must apply or who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

Mode of payment

The ASBA Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account maintained with the SCSB, as mentioned by the ASBA Investor in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company as per the provisions of section 73(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The ASBA Investor applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the ASBA Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the Equity Shareholder/ ASBA Investor applying under the ASBA Process

The summary of options available to the Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>)
3. Renounce your Rights Entitlement in full to one person (<i>joint Renouncees are considered as one</i>)	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Equity Shares renounced and hand it over to the Renounee. The Renounee must fill in and sign Part C (<i>All joint Renouncees must sign</i>).

An ASBA Investor who is applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the ASBA Investor has selected to apply through the ASBA process option.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” on page 153 of the Letter of Offer. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Rights Issue Equity Shares. If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper.

The envelope should be superscribed “LGB Forge Limited – Rights Issue”. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with our Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being LGB Forge Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount to be blocked at the rate of ₹ 2.75 per Equity Share; and
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.
- Additionally, all such applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

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I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Option to receive Equity Shares in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

Issuance of Intimation Letters

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by our Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by our Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

General instructions for Equity Shareholders applying under the ASBA Process

- a. Please read the instructions printed on the CAF carefully.
- b. Application should be made on the printed CAF and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c. The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- d. All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.**
- e. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque / demand draft / pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company and/or Depositories.
- g. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository / our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

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- h. All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- i. ASBA Investors who intend to subscribe the Equity Shares of our Company under this Issue shall be eligible to participate under the ASBA Process.
- j. Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- k. Equity shareholders who have renounced their entitlement in part/ full are also entitled to apply using ASBA process.
- l. **Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility.**

Do's:

- a. Ensure that the ASBA Process option is selected in the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under the para "Application on plain paper" appearing under the procedure for application under ASBA.
- b. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares may be allotted in the dematerialized form.
- c. Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- d. Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- e. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- f. Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- g. Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- h. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- i. Ensure that the Demographic Details are updated, true and correct, in all respects.
- j. Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- k. Apply under the ASBA process only if you comply with the definition of an ASBA investor.

Don'ts:

- a. Do not apply if you are in the United States of America or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- b. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- c. Do not pay the amount payable on application in cash, by money order or by postal order.
- d. Do not send your physical CAFs to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- e. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

- f. Do not apply if the ASBA account has been used for five applicants.
- g. Do not instruct their respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under “Grounds for Technical Rejection for non-ASBA Investors” on page 166 of the Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- a. Application on a SAF.
- b. DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- c. Sending CAF to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- d. Insufficient funds are available with the SCSB for blocking the amount.
- e. Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- f. Account holder not signing the CAF or declaration mentioned therein.
- g. CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- h. CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- i. An ASBA Investor, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

Depository account and bank details for Equity Shareholders applying under the ASBA Process

IT IS ADVISABLE FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant’s name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation (“Demographic Details”). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblocking of bank account of the respective Equity Shareholder. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the bank account utilised under the ASBA process to the extent equity shares are not allotted to such shareholders. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address

obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the funds.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

For details, please see page 10 of this Abridged Letter of Offer.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("NECS") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as applicable under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information, please see the chapter "Terms of the Issue" on page 144 of the Letter of Offer.

The letter of allotment / refund order would be sent by registered post/speed post to the sole/first Investor's registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the 68 centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

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3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS – If the refund amount exceeds ₹ 2 lacs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates and for record purposes.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement with NSDL and CDSL on April 11, 2008 respectively which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- For Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of our Company.

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The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Equity Shares in physical form.

The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, renouncees shall get the Equity Shares in physical form.

General instructions for non-ASBA Investors

- (a) Please read the instructions printed on the enclosed CAF carefully.
- (b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head "Application on Plain Paper" on page 151 of the Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

- (c) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- (d) Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- (e) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- (g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

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- (h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renouneecees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (i) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- (j) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- (k) SAFs cannot be re-split.
- (l) Only the person or persons to whom Equity Shares have been offered and not Renouneece(s) shall be entitled to obtain SAFs.
- (m) Investors must write their CAF number at the back of the cheque /demand draft.
- (n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected.
- (p) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (q) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to note the same and be guided accordingly.

Do's for non-ASBA Investors:

- a. Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- b. Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- c. In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;
- d. Ensure that your Indian address is available to our Company and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- e. Ensure that the CAFs are submitted at the collection centres of the Banker to the Issue only on prescribed forms;
- f. Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- g. Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;

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- h. Ensure that you mention your PAN allotted under the I.T. Act with the Application Form, except for Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- i. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- j. Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

- a. Do not apply if you are not eligible to participate in the Issue in terms of the securities laws applicable to your jurisdiction;
- b. Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;
- c. Do not pay the amount payable on application in cash, by money order or by postal order;
- d. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications may be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renounees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs without specific RBI approval;
- CAFs accompanied by outstation cheques / post-dated cheques / money order / postal order / outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renounees who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Applications from QIBs or from Non Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 2,00,000, which are not in ASBA process.

Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Mode of payment for Resident Equity Shareholders/ Investors

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "LGB Forge Limited – Rights Issue";

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- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Bankers to the Issue, crossed 'A/c Payee only' and marked "LGB Forge Limited – Rights Issue" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more than 10% of our Company's post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 5% of the total paid-up share capital of our Company, in case such sub-account is a foreign corporate or an individual.

Applications will not be accepted from FIIs in restricted jurisdictions.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from FIIs in restricted jurisdictions.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

PLEASE NOTE THAT PURSUANT TO THE APPLICABILITY OF THE DIRECTIONS ISSUED BY SEBI VIDE ITS CIRCULAR BEARING NUMBER CIR/CFD/DIL/1/2011 DATED APRIL 29, 2011, ALL APPLICANTS WHO ARE QIBS, NON INSTITUTIONAL INVESTORS OR ARE APPLYING IN THIS ISSUE FOR EQUITY SHARES FOR AN AMOUNT EXCEEDING RS. 2,00,000 SHALL MANDATORILY MAKE USE OF ASBA FACILITY.

Mode of payment for Non-Resident Equity Shareholders/ Investors

As regards the application by non-resident Equity Shareholders, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

Cameo Corporate Services Limited

"Subramanian Building",
No 1, Club House Road,
Chennai- 600 002

Tel: +91-44-28460390

Fax: +91-44-28460129

E-mail: cameo@cameoindia.com

Website: www.cameoindia.com

Contact Person: Mr R. D Ramaswamy

- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in India; or
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of 'LGB Forge Limited – Rights Issue – NR' and must be crossed 'account payee only' for the full application amount, net of bank and postal charges.

Application without repatriation benefits

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.

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- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of 'LGB Forge Limited – Rights Issue – NR' and must be crossed 'account payee only' for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

“ANY PERSON WHO MAKES IN A FICTITIOUS NAME AN APPLICATION TO A COMPANY FOR ACQUIRING, OR SUBSCRIBING FOR, ANY SHARES THEREIN, OR OTHERWISE INDUCES A COMPANY TO ALLOT, OR REGISTER ANY TRANSFER OF SHARES THEREIN TO HIM, OR ANY OTHER PERSON IN A FICTITIOUS NAME, SHALL BE PUNISHABLE WITH IMPRISONMENT FOR A TERM WHICH MAY EXTEND TO FIVE YEARS”.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue / Registrar to the Issue / SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 10 days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- i. All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act;
- ii. Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- iii. Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- iv. Our Company may utilize the funds collected in the Issue only after listing and trading permission is received from the Stock Exchanges in respect of this Issue.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock exchanges where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by our Company.
4. The Company undertakes that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.
6. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
7. No further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Letter of Offer Issue are listed or till the application monies are refunded on account of non-listing, under-subscription etc.
8. At any given time there shall be only one denomination of equity shares of our Company.
9. Our Company accepts full responsibility for the accuracy of information given in the Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
10. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
11. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If our Company does not receive the minimum subscription of ninety per cent of the issue, the entire subscription shall be refunded to the applicants within fifteen days from the date of closure of the issue. If there is delay in the refund of subscription by more than eight days after our Company becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

Our Promoter and Promoter Group have confirmed that they intend to subscribe collectively to the full extent of their Rights Entitlement in the Issue. Our Promoter and Promoter Group have provided an undertaking dated December 5, 2011 to our Company to apply for additional Equity Shares, to the extent of the unsubscribed portion of the Issue, if any, from the public shareholders. For more details, please see "Capital Structure" on page 16 of the Letter of Offer.

Important

- Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with the Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed 'LGB Forge - Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Cameo Corporate Services Limited

"Subramanian Building",
No 1, Club House Road,
Chennai- 600 002

Tel: +91-44-28460390

Fax: +91-44-28460129

E-mail: cameo@cameoindia.com

Website: www.cameoindia.com

Contact Person: Mr R. D Ramaswamy

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- It is to be specifically noted that this Issue of Equity Shares is subject to the risk factors mentioned in the chapter "Risk Factors" on page ix of the Letter of Offer.

The Issue will remain open for 30 days.

STATUTORY AND OTHER INFORMATION

Option to subscribe

Other than the present Issue, and except as disclosed in the section "Terms of the Issue" on page 144 of the Letter of Offer, our Company has not given any person any option to subscribe to the Equity Shares.

The Investors shall have an option to get the Equity Shares offered in this Issue in physical or dematerialized form.

DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

For details, please refer to page 173 of the Letter of Offer.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the registered office of our Company between 11.00 a.m. to 2.00 p.m. on any working day from the date of the Letter of Offer until the closure of the subscription list.

(A) MATERIAL CONTRACTS

1. Issue Agreement dated November 9, 2011 between our Company and Keynote Corporate Services Limited, Lead Manager to the Issue;
2. Issue Agreement dated December 1, 2011 between our Company and Cameo Corporate Services Limited, Registrar to the Issue.
3. Tripartite Agreement dated April 11, 2008 between our Company, National Securities Depository Ltd. (NSDL) and Cameo Corporate Services Limited;
4. Tripartite Agreement dated April 11, 2008 between our Company, Central Depository Services (India) Limited (CDSL) and Cameo Corporate Services Limited;
5. Banker to the Issue Agreement dated March 14, 2012 between our Company, ICICI Bank Limited, Keynote Corporate Services Limited and Cameo Corporate Services Limited.

(B) DOCUMENTS FOR INSPECTION

1. Memorandum & Articles of Association of our Company;
2. Certificate of incorporation and certificate of commencement of business of our Company dated June 7, 2006 and June 21, 2008 respectively;
3. Resolution under sections 81(1) and 81(1A) of Companies Act, 1956 passed in EGM of the members of our Company held on October 29, 2011 authorising the Issue;
4. Scheme of Arrangement filed on March 31, 2008 under section 391 to 394 of the Companies Act between L G Balakrishnan & Bros. Limited, our Company and respective shareholders as approved by Hon'ble High Court, Madras;
5. Copy of the valuation report of M/s Suri & Co., Chartered Accountants, dated December 15, 2007 in respect of the demerger of forging division of L.G. Balakrishnan & Bros. Limited;
6. Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditors, Lead Manager to the Issue, Legal Advisor to the Issue, Bankers to our Company and Registrar to the Issue to include their names in the Letter of Offer to act in their respective capacities;
7. Annual reports of our Company for the financial years ended March 31, 2007, 2008, 2009, 2010 and 2011;
8. The Report of the Statutory Auditors being, M/s. Haribhakti & Co., Chartered Accountants, as set out herein dated October 31, 2011 relating to the audited financial information of our Company.
9. A statement of tax benefits dated October 31, 2011 received from M/s. Haribhakti & Co., Chartered Accountants, Statutory Auditors regarding tax benefits available to our Company and its shareholders;

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10. Certificate dated March 14, 2012 from M/s. Haribhakti & Co., Chartered Accountants, Statutory Auditors regarding "Sources & deployment of funds";
11. Legal Due Diligence report dated November 30, 2011 by M/s Iyer & Thomas Advocates, Legal Advisor to the Issue;
12. Due Diligence Certificate dated December 5, 2011 by Keynote Corporate Services Ltd., Lead Manager to the Issue;
13. In-principle listing approval(s) dated December 26, 2011 and December 27, 2011 from BSE & NSE respectively;
14. Observation letter dated March 7, 2012 received from SEBI;

Any of the contracts or documents mentioned in the Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in the Letter of Offer/ Abridged Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in the Letter of Offer/ Abridged Letter of Offer are true and correct.

Name	Signature
Mr. B. Vijayakumar <i>Chairman</i>	Sd/-
Mr. Vijayakumar Rajvirdhan <i>Executive Director</i>	Sd/
Mr. K.N.V. Ramani <i>Non-Executive Independent Director</i>	Sd/
Mr. P. Shanmugasundaram <i>Non-Executive Independent Director</i>	Sd/
Mr. P.V. Ramakrishnan <i>Non-Executive Independent Director</i>	Sd/
Mr. Rajiv Parthasarathy <i>Non-Executive Non- Independent Director</i>	Sd/
Mr. Harsha Lakshmikanth <i>Non-Executive Independent Director</i>	Sd/-

Place: Coimbatore

Date: March 15, 2012

FOR FURTHER DETAILS, PLEASE REFER TO THE LETTER OF OFFER

