



LGB FORGE LIMITED

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 38 of this Draft Letter of Offer.

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

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Contact Person: Mr. R Ponmanikandan, Company Secretary and Compliance Officer

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

PROMOTER OF THE COMPANY: MR. B. VIJAYAKUMAR
FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF LGB FORGE LIMITED ONLY
(“THE COMPANY” OR “OUR COMPANY” OR THE “ISSUER”)

ISSUE OF [●] EQUITY SHARES WITH A FACE VALUE OF ₹ 1 EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) (“RIGHTS EQUITY SHARES”) FOR AN AMOUNT AGGREGATING UPTO ₹ 2,650.00 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF LGB FORGE LIMITED (THE “COMPANY” OR THE “ISSUER”) IN THE RATIO OF [●] RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) (I.E., [●]) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE “ISSUE”).

THE ISSUE PRICE OF EACH RIGHTS EQUITY SHARE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARE.

FOR FURTHER DETAILS, PLEASE SEE “TERMS OF THE ISSUE” ON PAGE 123 OF THIS DRAFT LETTER OF OFFER.

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 Rights Equity Shares 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 Draft Letter of Offer. **Investors are advised to refer to the “Risk Factors” on page 11 of this Draft Letter of Offer before making an investment in the Issue.**

ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft 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 Draft 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 make this Draft 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 BSE 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 [●] and [●], 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 The Ruby, 9 th Floor, Senapati Bapat Marg Dadar (West), Mumbai – 400 028, India. Tel: +91-22-3026 6000 Fax: +91-22-3026 6088 E-mail: mbd@keynoteindia.net Website: www.keynoteindia.net Contact Person: Mr. Amlan Mahajan SEBI Registration Number: INM 000003606		Cameo Corporate Services Limited ‘Subramanian Building’, No 1, Club House Road, Chennai- 600 002, India. Tel: +91-44-2846 0425 Fax: +91-44-2846 0129 E-mail: rdr@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 CLOSES ON
[●]	[●]		[●]

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SECTION 1: GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

In this Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this section.

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “LGB Forge Limited”, “LGB”, the/our “Company”, “we”, “our”, “us” or similar terms are to LGB Forge Limited or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares.

Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI Regulations
Allotment	Unless the context requires, the allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares are issued pursuant to the Issue
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used compulsorily by QIB and those investors who have applied for Equity Shares for a cumulative amount of more than ₹ 2 lakhs and optionally by Retail Individual Investors to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application by an ASBA Investor
ASBA Investor	Equity Shareholders proposing to subscribe to the Issue through ASBA process and: <ul style="list-style-type: none"> (a) Who are holding our Equity Shares in dematerialised form as on the Record Date and have applied for their Rights Entitlements and/or additional Equity Shares in dematerialised form; (b) Who have not renounced their Rights Entitlements in full or in part; (c) Who are not Renouncees; and (d) Who are applying through blocking of funds in a bank account maintained with SCSBs. All QIBs and other Investors whose application value exceeds ₹ 2 lakhs complying with the above conditions may participate in this Issue through the ASBA process only
Bankers to the Company	Axis Bank Limited, ICICI Bank Limited, IDBI Bank Limited
Bankers to the Issue	ICICI Bank Limited
Composite Application Form / CAF/ Application Form/ Application	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html
Designated Stock Exchange	BSE Limited
Draft Letter of Offer/ DLOF	The Draft Letter of Offer dated September 26, 2018 filed with SEBI for its observations.
Equity Share(s) or Share(s)	Equity shares of our Company having a face value of ₹ 1 each unless otherwise specified in the context thereof
Equity Shareholder / Shareholder	Means a holder of Equity Shares of our Company
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.

Term	Description
Issue/ Rights Issue	Issue of [●] Equity Shares with a face value of ₹ 1 each at a premium of ₹[●] per Equity Share for an amount aggregating up to ₹ 2,650 lakhs on a rights basis to the existing Equity Shareholders in the ratio of [●] Equity Share for every [●] fully paid-up Equity Share(s) (i.e., [●]) held by the existing Equity Shareholders on the Record Date. The issue price is [●] times the face value of the Equity Shares.
Investor(s)	Equity Shareholders as on Record Date and/or Renouncees applying in the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●] per Equity Share.
Issue Proceeds	The proceeds of the Issue that are available to our Company
Issue Size	The issue of [●] Equity Shares for an amount aggregating up to ₹ 2,650 lakhs
Lead Manager/ LM	Keynote Corporate Services Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchange after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges
MICR	Magnetic Ink Character Recognition.
NECS	National Electronic Clearing Services
Net issue proceeds / Net proceeds	Issue proceeds less issue expenses
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non Institutional Investors	All Investors including sub-accounts of FIIs/ FPIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for a cumulative amount more than ₹ 2 lakhs
Promoter	The Promoter of our Company, being Mr. B. Vijaykumar
Promoter Group	Unless the context requires otherwise, the entities forming part of the promoter group in accordance with the SEBI Regulations and which are disclosed by our Company to the Stock Exchange from time to time
Offer Document	Means Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations, 2009.
Record Date	[●]
Refund through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable
Registrar of Companies/ RoC	Unless specified otherwise, Registrar of Companies, Tamil Nadu at Coimbatore
Registrar to the Issue	Cameo Corporate Services Limited
Renouncees	Any persons who have acquired Rights Entitlements from the Equity Shareholders through renunciation
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than ₹ 2 lakhs (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
RTGS	Real Time Gross Settlement
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in
Working Days	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business.

Conventional and general terms/Abbreviations/ Company related and Industry related terms

Term	Description
“LGB Forge Limited” or “LGB” or “the Company”, or “the Resulting Company”, or “our Company”	LGB Forge Limited, a public limited company incorporated under the provisions of the CA 1956, as amended, and having its registered office at 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore 641 006, Tamil Nadu, India
“We” or “us” or “our”	Unless the context otherwise indicates or implies, refers to LGB Forge Limited
ACMA	Automotive Component Manufacturers Association of India
AGM	Annual General Meeting
Articles or Articles of Association	Articles of Association of our Company, as amended from time to time
Auditor	The statutory auditors of our Company i.e., M/s. N R Doraiswami & Co.
Board or Board of Directors	Board of directors of our Company
BSE	BSE Limited
CA 1956	The Companies Act, 1956, as applicable
CA 2013	The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs and in force as on the date of this Draft Letter of Offer read with made thereunder
CAGR	Compounded Annual Growth Rate
Capital or Share capital	Share capital of our Company
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
CNC	Computer Numeric Control
Companies Act	The Companies Act, 2013 and rules issued thereunder, as amended
CV	Commercial Vehicles
Depositories	CDSL and NSDL
Depositories Act	The Depositories Act, 1996 and amendments thereto
DG sets	Diesel Generator Sets
DIN	Director Identification Number
Director	Director of our Company, unless otherwise specified otherwise
DP or Depository Participant	Depository Participant as defined under the Depositories Act
EGM	Extra-ordinary General Meeting
Eligible Shareholder(s)	Eligible holder(s) of the equity shares of LGB Forge Limited as on the Record Date
EPS	Earnings Per Share
Equity Shareholder/ Shareholder	A holder of the Equity Shares
Equity Shares	Fully paid-up equity shares of the Company of face value Rs. 1/- each
Erstwhile Companies Act	The Companies Act, 1956, which has been repealed and replaced by the New Companies Act
FPI	Foreign Portfolio Investor
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GSM	Graded Surveillance Measure
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICD	Inter Corporate Deposits
ICL	Inter Corporate Loans
IFRS	International Financial Reporting Standards
Ind AS	Indian Accounting Standards prescribed under Section 133 of the Companies Act 2013, as notified under Rule 3 of Companies (Indian Accounting Standard) Rules 2015
Indian GAAP	Generally Accepted Accounting Principles In India
IT Act	The Income Tax Act, 1961 and amendments thereto
M & HCV	Medium and Heavy Commercial Vehicles

Term	Description
Memorandum of Association or Memorandum of Association or MOA	Memorandum of Association of our Company, as amended from time to time
NAV	Net Asset Value per share
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PLR	Prime Lending Rate
PV	Passenger Vehicles
RBI	Reserve Bank of India
Record Date	[●]
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI Regulations/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto
Securities Act	United States Securities Act of 1933, as amended
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Takeover Code/ Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
TP Act	The Transfer of Property Act, 1882
United States or US	United States of America
Wealth Tax Act	The Wealth Tax Act, 1957 and amendments thereto.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and the Issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs may come are required to inform them about and observe such restrictions. Our Company is making this Issue of the Rights Equity Shares on a rights basis to the Equity Shareholders as on Record Date and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to such Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas shareholders, who have not updated our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer/Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer/Abridged Letter of Offer and CAFs or any offering materials or advertisements in connection with the Issue may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under such circumstances, the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs should not, in connection with the issue of the Rights Equity Shares or Rights Entitlements, distribute or send the same in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that she/he is authorised to acquire the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in her/his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Draft Letter of Offer.

The contents of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, CAFs and SAFs should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("United States" or "U.S."), or to, or for the account or benefit of "U.S. persons" (as defined in Regulation S of the Securities Act), except in a transaction not subject to, or exempt from the registration requirements of the Securities Act. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Draft Letter of Offer, Letter of Offer or Abridged Letter of Offer and the enclosed CAF should not be forwarded to or

transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is, either a U.S. Person or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Shareholders and the Letter of Offer / Abridged Letter of Offer and CAF will be dispatched only to Eligible Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made, and (iii) it is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) appears to us or our agents to have been executed by a U.S. Person; (iv) where a registered Indian address is not provided; or (v) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

Rights Entitlements may not be transferred or sold to any person in the United States.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION, MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references to “India” contained in this Draft Letter of Offer are to the Republic of India.

Unless stated otherwise, all references to page numbers of this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the Financial Statements of our Company as of and for the financial years ended March 31, 2018, March 31, 2017 and three (3) months period ended June 30, 2018, prepared in accordance with Indian AS and the CA 2013.

In this Draft Letter of Offer, any inconsistencies in any table between the aggregate and the total of the sums recorded are because of rounding off. Certain figures in decimals has been rounded off and accordingly there may be consequential changes in the Draft Letter of Offer.

Our Company’s financial year commences on April 01 and ends on March 31 of each year, so all references to a particular financial year, unless stated otherwise, are to the twelve months period ended on March 31 of that year.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections titled “*Risk Factors*” on page 11 of this Draft Letter of Offer have been calculated on the basis of the Financial Statement of our Company prepared in accordance with IND AS and the CA 2013.

Currency and Units of Presentation

All references to “Rupees”, “Rs.”, “INR”, “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “USD”, or “US\$” or “\$” are to United States Dollar, the official currency of United States of America.

Please Note:

One million is equal to 1,000,000/10 lakhs;
One billion is equal to 1,000 million/100 crores;
One lakh is equal to 100 thousand;
One crore is equal to 10 million/100 lakhs

FORWARD LOOKING STATEMENTS

This Draft Letter of Offer includes statements which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- General economic conditions
- Changes in political and social conditions in India
- The outcome of legal or regulatory proceedings that we are or might become involved in
- Contingent liabilities, environmental problems and uninsured losses
- Increasing competition in the industry;
- Strikes or work stoppages by our employees;
- Accidents and natural disasters;
- Loss of or shut down of operations at our manufacturing facility;
- Volatility in the supply or price of raw materials;
- Failure to respond to the technological advances;
- Failure to safeguard the reputation of our brand or failure to enhance our brand recognition;
- Downfall in automobile industry
- Developments affecting the Indian economy
- Changes in laws and regulations that apply to the industry
- Uncertainty in global financial markets

For a further discussion of factors that could cause the actual results to differ, see “Risk Factors” on page 11 of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and Stock Exchange’ requirements, our Company and Lead Manager shall ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION 2: RISK FACTORS

An investment in equity shares involves a high degree of risk. The risks described below together with other information contained in this Letter of Offer should be carefully considered by the prospective investors before making an investment decision. Prospective investors should carefully consider all the information contained in the section titled “Financial Information” on page 43 for the information related to the financial performance of our Company. The risks described in this section are those that we consider to be the most significant to our business, results of operations, financial condition and prospects. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business operations. If any or a combination of the following events occur, our business, results of operations, financial condition and prospects could materially suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein.

The following risk factors have been determined by our Board on the basis of their materiality. In accordance Clause (IV(C)) in Part E of Schedule VIII of the SEBI ICDR Regulations, the following factors have been considered for determining the materiality: (i) Some events may not be material individually, but may be found material collectively, (ii) some events may have material impact qualitatively instead of quantitatively, and (iii) some events may not be material at present but may have material impact in the future.

INTERNAL RISK FACTORS

- 1. A significant portion of our revenues is concentrated amongst a limited number of customers, with whom we have not entered into long-term contracts.**

Our Company undertakes the business of manufacturing and sale of forged and machined components which finds application in Automobile, hydraulic valve, and Infrastructure equipment industry. We depend on a limited number of customers for a sizeable portion of our revenues. Our long-standing relationship with our major customers has been one of the most significant factors contributing to our growth. For FY18 and FY17 our top 5 customers approximately constitute 63.60% and 62.00% of the total revenue from operations respectively, whereas our top 10 customers approximately constitute 72.27% and 78.00% of the total revenue from operations respectively.

Even though we do not have any long-term supply agreements with them, we have continually received repeat business from many of our customers. However, in the absence of long-terms agreements with our customers, we cannot assure you that we can maintain the historical levels of orders from these customers or that we will be able to find new customers in case we lose any of them. As a result, loss of one or more of our significant customers may result in a loss or non-receipt of orders from that customer which will affect our business, financial condition, result of operations and cash flows.

- 2. We have certain contingent liabilities, and our cash flows, financial conditions and profitability may be adversely affected if any of these contingent liabilities materialise.**

We have not provided for certain contingent liabilities for the year ended March 31, 2018 and March 31, 2017, which if materialised could adversely affect our financial position. The details of the same are as under:

(₹ in Lakhs)		
Particulars	As of March 31, 2018	As of March 31, 2017
Bank Guarantee	158.00	115.00
Claim anticipated towards termination of employee challenged by appeal	7.19	5.07
Letter of Credits	764.00	447.60
Total	929.19	567.67

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 – Note 37” on page 79.

3. *Our Company has experienced negative cash flows from its financing and investing activities in the previous Fiscals. Sustained negative cash flow in future could affect our growth and results of operations*

Our Company has experienced negative cash flows, any further negative cash flows, if any in future could adversely affect our company's results of operation and financial condition. The details of historic negative cash flows are summarized below:

Particulars	(₹ in lakhs)	
	As of March 31, 2018	As of March 31, 2017
Net cash (used in) investing activities	(597.20)	444.65
Net cash generated from/(used in) financing activities	(479.82)	(823.31)

For further details please see the chapter titled "Financial Information" on page 43.

4. *Our Company has incurred losses during the last three financial years*

As set forth below, Our Company has incurred losses during last three Financial years

Particulars	As of March 31, 2018	As of March 31, 2017	As of March 31, 2016
Net Profit/(Loss) for the year	(317.96)	(216.66)	(233.75)

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

We are involved in, and we expect that we will continue to be involved in related party transactions. Certain related-party transactions also require the approval of our Shareholders in accordance with applicable laws. There can be no assurance that such transactions will be approved. There can also be no assurance that we will be able to maintain existing terms, or in case of any future transactions with related parties, that such transactions will be on terms favourable to us. While we believe that all of our related-party transactions have been conducted on an arms' length basis and all such transactions are adequately disclosed in "Related Party Transactions" on page 92, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties.

It is also likely that we will enter into related-party transactions in the future. Any future transactions with our related parties could potentially involve conflicts of interest. Accordingly, there can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

6. *There are certain restrictive covenants in the loan agreements of banks/financing entities in respect of the facilities availed by us from them. Banks/financing entities have sanctioned loans to our company in pursuance of their respective sanction letters. We would be subject to usual and customary restrictive covenants of the facilities availed by us.*

Some of the major restrictive covenants, which are material in nature & our company may need prior approvals from lending banks to conduct any of the following activities:

- enter into any merger/amalgamation etc. or do a buyback;
- wind up/liquidate its affair or agree/authorize to settle any litigation/arbitration having a material adverse effect;
- change the general nature of its business or undertake any expansion or invest in any other entity;
- permit any change in its ownership/control/management (including by pledge of promoter/sponsor shareholding in the Borrower to any third party) or enter into arrangement whereby its business/operations are managed or controlled, directly or indirectly, by any other person.
- make any amendments to its's constitutional documents;
- avail any loan; and/or stand as surety or guarantor for any third party liability or obligation; and/or provide any loan or advance to any third party.
- encumber its assets.
- pay any commission, brokerage or fees to its promoters/directors/guarantors/security providers;
- dispose its assets other than as permitted by the Bank in writing.

In the event of a violation of any of such restrictive covenants, it may amount to events of default, which may result in breach of contract causing claims to be brought against us or termination of the agreements as well as prepayment obligations. Where instances of breach arise, our lenders may invoke rights under the borrowing arrangements. The implications of such restrictive covenants could have a material adverse impact on our operations and financial conditions.

7. If we are unable to obtain the necessary funds for our growth plans, our business and results of operations may be adversely affected.

There can be no assurance that debt or equity financing or our internal accruals shall be available or sufficient to fund our growth plans. Financing limitations may restrict our ability to obtain required capital on acceptable terms in addition to other uncertainty. Due to our inability to raise sufficient capital to finance our growth plans, the business of our Company and results of operations may be adversely affected.

8. We sell our products in highly competitive markets and our inability to compete effectively may lead to lower market share or reduced operating margins, and adversely affect our results of operations.

Our Company sells its products in a highly competitive market and faces competition from other brands. To remain competitive in the business we must make continuous efforts to effectively market our products. This may adversely affect our profitability and results of operations. Our Company focuses on design, marketing and branding of our products. We have been able to establish our brand which is launched by us very successfully even while other brands were prevailing in the market.

9. Our registered office at Coimbatore and plants at Bengaluru, Coimbatore and Puducherry are held by us on lease or leave and license.

Our Registered Office at Coimbatore and our plants at Bengaluru, Coimbatore, and Puducherry are not owned by us but are leased to us by our Group Companies / certain third parties. Upon expiration of the term of the relevant agreement for each such premise, we will be required to negotiate the terms and conditions on which the lease agreement may be renewed. We cannot assure you that we will be able to renew these agreements on commercially reasonable terms in a timely manner, or at all. If we or our current or future lessors' breach the lease agreements, we may have to relocate to alternative premises or shut down our operations at that site.

Further, Our lease deeds with Group Companies may not be registered and may not be adequately stamped and consequently even though does not affect transaction, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. Further, we may not be able to assess or identify all risks and liabilities associated with any properties, such as faulty or disputed title, unregistered encumbrances or adverse possession rights, improperly executed, unregistered or insufficiently stamped instruments, or other defects that we may not be aware of

In the event that these existing leases are terminated, or they are not renewed on commercially acceptable terms or at all, we may suffer a disruption in our operations. If alternative premises are not available at the same or similar costs, size or locations, our business, financial condition and results of operations may be adversely affected.

10. 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 15, 2018, our Company has unsecured loans amounting to ₹ 530 Lakhs outstanding, which can be recalled at any given point of time by the lenders during the ordinary course of business. These may affect the business operations and financial performance of our Company.

11. 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 may expire from time to time and as and when required in the ordinary course. 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.

12. The objects for which we propose to utilize Net proceeds are not appraised by any Bank or Financial Institution and our management will have flexibility in applying the net proceeds.

The fund requirements and deployment are based on internal estimates of our management and have not been appraised by any Bank or Financial Institution. Shareholders/investors shall rely on management's ability and experience to draw correct estimates considering the proposed business expansion. Non appraisal of estimates by external agencies such as Banks or Financial Institutions makes such estimates susceptible to change any time in future.

We intend to use the Net proceeds in the manner as described in the section titled "*Objects of the Issue*" on page 32. We cannot assure you that the net proceeds will be utilized in conformity with the cost or schedule of implementation as described under the said chapter. Our funding requirements for the objects and deployment schedule are based on current conditions and are subject to change in light of external factors which may not be in our control. This may also include rescheduling the proposed utilization of net proceeds at the discretion of our management. Our Company may make necessary changes to such utilization in conformity with the provisions of the Companies Act and SEBI ICDR Regulations in relation to the change in the objects of the issue. Accordingly, shareholders /investors in the offer will need to rely on our management's judgment with respect to the use of proceeds. If we are unable to enter into arrangements for utilization of net proceeds as expected in a timely manner, we may not be able to derive expected benefits from the proceeds of the issue and our business and financial results may suffer.

13. 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 "Our Management" on page 40.

14. Our Promoter and promoter group 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 64.17% 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 jointly / severally 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. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Their control 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.

15. 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.

16. *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.

17. *Any shutdown of operations at our manufacturing unit could result in significant costs and may have an adverse effect on our operations and financial condition.*

Our Company has a manufacturing unit, situated at Coimbatore, Mysore and Puducherry. Our manufacturing unit is subject to operating risks, such as (a) the risk of substantial disruption or shutdown due to breakdowns or failure of equipment, natural disasters, storms, fires, explosions, earthquakes, floods and other catastrophic events, actual, potential or suspected epidemic outbreaks, terrorist attacks and wars, labour disputes, strikes, lock-outs, loss of services of our external contractors, and industrial accidents, (b) performance below expected levels of output or efficiency, and (c) obsolescence. Moreover, catastrophic events could also destroy any inventory located at our manufacturing unit. The occurrence of any such event could result in a temporary or long-term closure of any of our single manufacturing unit, which could have material adverse effect on our operations, business and financial condition.

18. *The trading in the equity shares of Our Company on BSE and NSE has been restricted on account of Graded Surveillance Measure (GSM).*

The trading in the equity shares of our company on BSE and NSE are restricted on account of Graded Surveillance Measure (GSM). Our company's equity shares have been moved under GSM III w.e.f. September 17, 2018 by BSE vide its notice no. 20180914-42 dated September 14, 2018. For equity shares under GSM III, trading is permitted once a week on Monday and Additional Surveillance Deposit of 100% of the trade value is required to be deposited by the buyers. Adoption of such measure by Stock Exchanges may severally affect liquidity in shares of our Company & our shareholders will face difficulties in winding trades in equity shares of the company. We can not assure that when the trading in shares of our company is removed from GSM or at all; & whether such restrictions will continue in future.

19. *There are certain outstanding legal proceedings involving our Company which if determined against us, may have an adverse effect on our business, financial results and reputation.*

There are certain outstanding legal proceedings, including civil litigation, involving our Company which are pending at different stages of adjudication before various courts, tribunals and other authorities. For details, see the section titled "***Outstanding Litigation and other Defaults***" on page 107. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could increase our expenses. We have not made any provision for such liabilities that may arise, and such liabilities could materially and adversely affect our reputation, business and financial results. We cannot assure you that any of these matters will be resolved in our favour, or that no additional liability will arise out of these proceedings. Further, there is no assurance that similar proceedings will not be initiated against the abovementioned entities in the future. This could adversely affect our reputation, business and our financial results.

20. *We are required to comply with environmental laws and regulations that could cause us to incur significant costs.*

Our operations are subject to various international, national, state and local laws and regulations, which are subject to laws specific to the industry in which we operate, as well as laws generally governing business in India, including those relating to the protection of the environment and occupational health and safety, including those governing the generation, handling, storage, use, management, transportation and disposal of, or exposure to, environmental pollutants or hazardous materials resulting from our business operations. While we are not aware of any outstanding material claims or obligations, we may incur substantial costs, including clean up or remediation costs, fines and civil or criminal sanctions, and third-party property damage or personal injury claims, as a result of violations of or liabilities under environmental or health and safety laws or non-compliance with permits required at our facilities, which, as a result, may have an adverse effect on our business and financial condition.

21. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. Any inability to declare dividend may adversely affect the trading price of our Equity Shares.*

Our Board has not recommended any dividend for the shareholders since inception. Our future ability to pay dividends and the amount of any such dividends, if declared, will depend upon a number of factors, including our future earnings, financial condition, cash flows, planned capital expenditures, working capital requirements, results of operations and financial condition and other factors considered relevant by our Board of Directors and shareholders. We cannot assure you that we will generate sufficient income to cover our operating expenses and shall be able to pay dividends. Further, dividends distributed by our Company will attract dividend distribution tax and may be subject to other requirements prescribed under law. There is no assurance that we will declare and pay, or shall have the ability to declare and pay, any dividends on Equity Shares in the future.

22. *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;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring 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 adverse fluctuations in crude oil prices & currency points.

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.

23. *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.

24. *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.

- 25. *Our business is exposed to the changes in the technical and other requirements of our clients, which may require us to make major capital investments or may be beyond our capabilities.***

Our business is exposed to changes in the technical and other requirements of our clients. Better and newer technologies being developed worldwide help optimize forging performance, reduce operational costs. Further, our customers may choose to include specific conditions with respect to age and condition of the machinery in the contracts we enter into which may require us to make further investments to meet such requirements

- 26. *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.

EXTERNAL RISK FACTORS

- 1. *Political instability or significant changes in the economic liberalisation and deregulation policies of the Government or in the government of the states where we operate could disrupt its business.***

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our businesses, and the market price and liquidity of its securities may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India. In recent years, India has been following a course of economic liberalisation and our business could be significantly influenced by economic policies followed by the Government.

However, there can be no assurance that such policies will continue in the future. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

- 2. *A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.***

A decline in India's foreign exchange reserves could impact the valuation of the Rupee and result in reduced liquidity and higher interest rates, which could adversely affect our future financial condition our business, financial condition and results of operations. Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. There can be no assurance that India's foreign exchange reserves will not decrease again in the future. Further decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our business, financial condition and results of operations. While this may be beneficial to for our exports, a general decline in the liquidity may have an adverse effect on our results of operations and financial conditions.

- 3. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect our business and the Indian financial markets.***

India has from time to time experienced instances of civil unrest and terrorist attacks. These events could lead to political or economic instability in India and may adversely affect the Indian economy, our business, and results of operations, financial condition and the trading price of our Equity Shares. India has also experienced social unrest and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and the trading price of our Equity Shares.

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business and may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Our insurance policies cover for general coverage to our

Company. However, our insurance policies may not be adequate to cover the loss arising from these events, which could adversely affect our results of operations and financial condition.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us. Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of the Equity Shares.

4. Natural disasters and other disruptions could adversely affect the Indian economy and could cause our business and operations to suffer and the trading price of our Equity Shares to decrease.

Our operations, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations which may affect our manufacturing processes. Damage or destruction that interrupts our production could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our infrastructure. We may also be liable to our customers for disruption in supply resulting from such damage or destruction. Our insurance coverage for such liability may not be sufficient. Any of the above factors may adversely affect our business, our financial results and the price of our Equity Shares.

5. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax ("STT"), has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. The Ministry of Finance has in the union budget for 2018-19 proposed that any gain in excess of ₹ 1,00,000 realised on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains tax of 10% without allowing any benefit of indexation. However, all gains up to January 31, 2018 will be grandfathered. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of our Equity Shares.

PROMINENT NOTES

1. Issue of [●] Equity Shares of face value of ₹ 1 each for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share aggregating upto ₹ 2650.00 lakhs to the existing Equity Shareholders on a rights basis in the ratio of [●] Equity Shares for every [●] Equity Shares held by them on the Record Date.
2. As on March 31, 2018, the net worth of our Company was ₹ 339.03 lakhs as described in the section “**Financial Information**” on page 43 of the Draft Letter of Offer.
3. For details of our transactions with the related parties during Fiscal 2018 as per AS 18, the nature of such transactions and the cumulative value of such transactions, please see the section “**Financial Information**” on page 43 of the Draft Letter of Offer.
4. There has been no financing arrangement whereby the Promoter Group, our Directors, directors of our Promoters and their relatives have financed the purchase by any other person of our securities during the period of six (6) months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

Investors may contact the Lead Manager, Registrar to the Issue or the Compliance Officer for any complaint, clarification 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, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Bid-cum-Application Form has been submitted by the ASBA Bidder. For contact details, please see section “**General Information**” on page 25 of the Draft Letter of Offer.

SECTION 3: INTRODUCTION

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary of financial statements derived from our audited financial information for the years ended March 31, 2018. These financial statements have been prepared in accordance with Indian AS and provisions under the CA 2013.

The summary financial statements presented below should be read in conjunction with financial statements for the years ended March 31, 2017 and March 31, 2018, the audit reports, notes and annexures thereto. For further details, please see section titled “Financial Statements” on page 43 of this Draft Letter of Offer.

SUMMARY OF STATEMENT OF ASSETS AND LIABILITIES

		(₹ in Lakhs)		
Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
A ASSETS				
1 Non-current assets				
(a) Property, plant and equipment	2	1,246.92	873.50	1,181.21
(b) Capital work-in-progress	4	37.74	-	-
(c) Intangible assets	3	1.37	2.70	4.33
(d) Financial Assets				
Loans	5	84.35	72.21	72.21
(e) Other Non-current assets	6	3.67	14.09	-
Total non-current assets		1,374.05	962.50	1,257.75
(2) Current Assets				
(a) Inventories	7	1,314.18	1,940.44	1,501.92
(b) Financial Assets				
i) Trade receivables	8	1,805.61	1,558.16	2,683.91
ii) Cash and cash equivalents	9	2.46	2.74	3.69
iii) Bank balances other than (ii) above	10	2.99	-	-
iv) Loans	11	4.52	4.78	3.66
v) Others	12	22.11	28.54	14.39
(c) Current Tax Assets (Net)	13	25.96	14.92	24.28
(d) Other current assets	14	114.23	104.63	57.64
Total current assets		3,292.06	3,654.21	4,289.49
Total Assets		4,666.11	4,616.70	5,547.24
B EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity Share capital	15	1,500.02	1,500.02	1,500.02
(b) Other equity	16	(1,160.99)	(824.32)	(615.22)
Total equity		339.03	675.70	884.80
(2) Liabilities				
A. Non-Current Liabilities				
(a) Financial liabilities				
Borrowings	17	617.17	643.66	- 838.97
(b) Provisions	18	53.26	20.10	20.10
Total Non - current liabilities		670.43	663.76	859.07




LGB FORGE LIMITED
BALANCE SHEET AS AT 31.03.2018 (Contd..)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
B. Current liabilities				
(a) Financial liabilities				
i) Borrowings	19	810.39	951.10	- 1,285.75
ii) Trade payables	20	2,005.59	1,596.56	1,830.18
iii) Other financial liabilities	21	748.67	648.97	603.90
(b) Other current liabilities	22	77.77	25.58	57.13
(c) Provisions	23	14.23	55.03	-26.41
Total current liabilities		3,656.65	3,277.24	3,803.37
Total liabilities		4,327.08	3,941.00	4,662.44
Total Equity and Liabilities		4,666.11	4,616.70	5,547.24

Significant Accounting Policies

1

Notes on Financial Statements

2-49

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

"As per our Report of even date"

For Haribhakti & Co. LLP

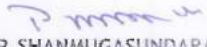
Chartered Accountants

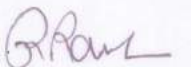
FRN No.103523W/W100048

For and on Behalf of the Board of Directors


KAUSHIK SIDARTHA
Partner
Membership No.217964
Coimbatore
12.05.2018


V. RAJVIRDHAN
Managing Director
DIN : 00156787


P. SHANMUGASUNDARAM
Director
DIN: 00119411


R. RAMAKRISHNAN
Chief Financial Officer


R. PONMANIKANDAN
General Manager Cum
Company Secretary

SUMMARY OF STATEMENT OF PROFIT AND LOSSES

LGB FORGE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018				(₹ in Lakhs)
Particulars	Note No.	For the Year ended 31.03.2018	For the Year ended 31.03.2017	
I. Revenue from Operations	24	10,219.25	9,299.75	
II. Other Income	25	39.70	36.51	
III. Total Revenue (I + II)		10,258.96	9,336.26	
IV. Expenses				
a) Cost of material consumed	26	4,934.56	4,574.55	
b) Changes in inventories of finished goods, Stock in trade and work in progress	27	497.31	(447.85)	
c) Excise Duty Expenses		250.00	1,015.04	
d) Employees benefits expense	28	1,356.59	1,271.08	
e) Finance Costs	29	312.62	293.35	
f) Depreciation and amortisation expense	30	201.79	228.25	
g) Other expenses	31	3,024.03	3,006.54	
Total Expenses		10,576.91	9,940.96	
V. Loss before Exceptional item and tax (III-IV)		(317.96)	(604.70)	
VI. Exceptional items		-	388.04	
VII. Loss before tax (V-VI)		(317.96)	(216.66)	
VIII. Tax expense				
a) Current tax		-	-	
b) Deferred tax credit/ (charge)		-	-	
Total tax expense		-	-	
IX. Loss for the year (VI-VIII)		(317.96)	(216.66)	
X. Other comprehensive income net of income tax				
Items that will not be reclassified to profit or loss				
a) Remeasurement of defined benefit plans		(18.72)	7.56	
Income tax relating to items that will not be reclassified to profit or loss		-	-	
Total other comprehensive income net of income tax		(18.72)	7.56	
XI. Total comprehensive income for the period (IX+X)		(336.67)	(209.10)	
XII. Earning per Equity share (In Rs)				
Basic / Diluted (Face Value of ₹ 1 Each)	32	(0.21)	(0.14)	

See accompanying notes forming part of the financial statements

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

"As per our Report of even date"

For Haribhakti & Co. LLP
Chartered Accountants
FRN No. 103523W/W100048

K. KUSHIK SIDARTHA
Partner
Membership No. 217964
Coimbatore
12.05.2018



V. RAJ VIRDHAN
Managing Director
DIN : 00156787

R. RAMAKRISHNAN
Chief Financial Officer

For and on Behalf of the Board of Directors

P. SHANMUGASUNDARAM
Director
DIN: 00119411

R. PONMANIKANDAN
General Manager Cum
Company Secretary

SUMMARY OF CASH FLOW STATEMENT

LGB FORGE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2018

PARTICULARS	31.03.2018 (₹ in Lakhs)	31.03.2017 (₹ in Lakhs)
Cash Flow From Operating Activities		
Profit before income tax	(317.96)	(216.66)
Adjustments for		
Depreciation and amortisation expense	201.79	228.25
Net (gain)/loss on foreign exchange restatement	(5.18)	9.69
Loss on assets discarded	-	33.89
Profit on sale of fixed asset	(10.43)	(2.76)
Interest received	(6.17)	(7.45)
Finance costs	312.62	293.35
Exceptional Item	-	(388.04)
	174.68	(49.73)
Change in operating assets and liabilities		
(Increase)/ decrease in inventories	626.26	(438.52)
(Increase)/ decrease in trade receivables	(247.45)	1,125.75
(Increase)/ decrease in Other Assets	(18.97)	(77.67)
Increase/ (decrease) in trade payables	409.03	(233.62)
Increase/ (decrease) in other liabilities	144.25	42.14
Cash generated from operations	1,087.79	368.35
Less : Income taxes paid (net of refunds)	(11.04)	9.36
Net cash from/ (used in) operating activities (A)	1,076.75	377.71
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(625.83)	(20.33)
Sale proceeds of PPE	25.45	457.53
Fixed deposits with banks	(2.99)	-
Interest income	6.17	7.45
Net cash from/ (used in) investing activities (B)	(597.20)	444.65
Cash Flows From Financing Activities		
Proceeds from Long term borrowings	200.00	-
Repayment of borrowings	(367.20)	(529.96)
Finance costs	(312.62)	(293.35)
Net cash from/(used in) financing activities (C)	(479.82)	(823.31)
Net decrease in cash and cash equivalents (A+B+C)	(0.28)	(0.95)
Cash and cash equivalents at the beginning of the financial year	2.74	3.69
Cash and cash equivalents at end of the year	2.46	2.74

The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".
The significant accounting policies and the accompanying notes form an integral part of the financial statements.

"As per our Report of even date"

For **Haribhakti & Co. LLP**
Chartered Accountants
FRN No.103523W/W100048

KAUSHIK SIDARTHA
Partner
Membership No.217964
Coimbatore
12.05.2018



For and on Behalf of the Board

V. RAJ VIRDHAN
Managing Director
DIN : 00156787

P. SHANMUGASUNDARAM
Director
DIN: 00119411

R. RAMAKRISHNAN
Chief Financial Officer

R. PONMANIKANDAN
General Manager Cum
Company Secretary

THE ISSUE

The Issue has been authorised by way of a resolution passed by our Board on April 10, 2018 pursuant to section 62 of the Companies Act, 2013.

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 123 of this Draft Letter of Offer.

Equity Shares outstanding prior to the Issue	15,00,01,551 Equity Shares
Rights Equity Shares offered in the Issue	
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	[●] Equity Shares
Rights Entitlement	[●] Equity Share for every [●] fully paid-up Equity Share held on the Record Date i.e., [●]
Record Date	[●]
Face Value per Equity Share	₹ 1/- each
Issue Price per Equity Share	₹ [●]/- each
Issue Size	Upto ₹ 2,650/- lakhs
Terms of the Issue	For more information, please see “ <i>Terms of the Issue</i> ” on page 123 of this Draft Letter of Offer.
Use of Net proceeds	For further information, please see “ <i>Objects of the Issue</i> ” on page 32 of this Draft Letter of Offer.
Scrip Code	ISIN: INE201J01017 BSE: 533007 NSE: LGBFORGE

Terms of Payment

The full amount of ₹ [●] per Equity Share is payable on application.

GENERAL INFORMATION

Our Company was originally incorporated on June 07, 2006 as a public limited company under the provisions of the CA 1956. Our Company obtained the certificate for commencement of business on June 21, 2006 from the Registrar of Companies, Tamil Nadu at Coimbatore.

Registered and Corporate Office of our Company

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: r.ponmanikandan@lgb.co.in
CIN: L27310TZ2006PLC012830

Address of the Registrar of Companies

Our Company is registered with Registrar of Companies, Tamil Nadu at Coimbatore which is situated at the following address:

Registrar of Companies, Coimbatore
 Stock Exchange Building, II Floor,
 683, Trichy Road,
 Coimbatore – 641 005

Board of Directors

The following table sets out the current details regarding our Board of Directors as on the date of filing of the draft Letter of Offer:

Name	Designation	DIN	Address
Dr. B. Vijayakumar	Chairman	00015583	No.18, Kamaraj Road, Redfields, Coimbatore-18
Mr. V. Rajvirdhan	Managing Director	00156787	No.18, Kamaraj Road, Redfields, Coimbatore-18
Mr. K N V Ramani	Non- Executive Independent Director	00007931	152, Kalidas Road, Coimbatore-641 009
Mr. P V Ramakrishnan	Non- Executive Independent Director	00013441	14/16, C1, Sharp Nagar, Sitra, Kalapatty Post, Coimbatore-48
Mr. P Shanmugasundaram	Non- Executive Independent Director	00119411	4/178, Green Lands, Near Tansi, Covai Road, Karur- 639 002
Ms. Aishwarya Rao	Non- Executive Independent Director	07144139	Brindavan 1602, Trichy Road, Red Fields, Coimbatore- 641018

For further details of our Board of Directors, please see section titled “*Our Management*” on page 40 of the draft Letter of Offer.

Company Secretary and Compliance Officer	Lead Manager to the Issue
Mr. R Ponmanikandan 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: r.ponmanikandan@lgbforge.co.in	Keynote Corporate Services Limited The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai- 400028 Tel: +91 22 30266000 Fax: +91 22 30266088 E-mail: mbd@keynoteindia.net Website: www.keynoteindia.net Contact Person: Mr. Amlan Mahajan SEBI Registration No: INM 000003606
Registrar and Share Transfer Agent	Legal Advisors to the Issue
Cameo Corporate Services Limited ‘Subramanian Building’, No.1, Club House Road, Chennai- 600 002 Tel: +91 44-28460390 Fax No.: +91 44-28460129 E-mail: rdr@cameoindia.com Website: www.cameoindia.com Contact Person: Mr R. D Ramaswamy SEBI Registration No.: INR000003753	Ramani & Shankar Advocates 152, Kalidas Road Ramnagar Coimbatore- 641 009 Tel: +91-422-2231955 Fax: +91-422-2233175 Email: legal@ramaniandshankar.com
Statutory Auditor	Banker/ Refund Banker to the Issue
M/s. N R Doraiswami & Co Chartered Accountants “Manchillu” Race Course, Coimbatore- 641 018 Tel: +91-422-2223780 E-mail: admin@srinrd.in Contact Person: Ms. S. Ravichandran Firm Registration No.: 000771S	ICICI Bank Limited Address: Capital Market Division, 1 st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai-400 020 Tel: +91-22-66818923/924/932 Fax: +91-22-22611138 E-mail: shweta.surana@icicibank.com Website: www.icicibank.com Contact Person: Mr. Shweta Surana SEBI Registration No: INBI00000004

Self-Certified Syndicate Bankers (SCSB)

The list of banks that has been notified by SEBI to act as SCSBs for the ASBA process is provided on www.sebi.gov.in. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above-mentioned link.

For further details on the ASBA process, please refer to details given in ASBA form and also see “Terms of the Issue” on page 123 of this Draft Letter of Offer.

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matters such as non-receipt of letter of Allotment, credit of Rights Equity Shares or Refund Orders and such other matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application was submitted by the ASBA Investors.

Monitoring Agency

Since the Issue size does not exceed ₹ 10,000 Lakhs, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required.

Credit Rating

As this is an issue of Rights Equity Shares, there is no credit rating required for the Issue.

Appraising Entity

The objects of this issue has not been appraised by any bank or any other independent financial institution

Expert

Except for the reports of the Auditor of our Company on the audited financial information and statement of tax benefits, included in the Draft Letter of Offer, our Company has not obtained any expert opinions.

Statement of responsibility of the Lead Manager

Keynote Corporate Services Limited is the sole Lead Manager to the Issue. The details of responsibilities of the Lead Manager, is as follows:

No.	Activity
1.	Capital structuring with relative components and formalities such as type of instruments, etc
2.	Drafting and design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, CAF, etc. To ensure compliance with the SEBI ICDR Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI
3.	Marketing of the Issue will cover, <i>inter alia</i> , preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres (iv) distribution of publicity and issue material including CAF, the Abridged Letter of Offer and the Letter of Offer to the extent applicable
4.	Selection of various agencies connected with the issue, namely Registrar to the Issue, Bankers to the Issue, printers, advertisement agencies, etc.
5.	Follow-up with Bankers to the Issue to get estimates of collection and advising our Company about closure of the Issue, based on the correct figures
6.	Post-Issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and bank handling refund activities. Even if many of these Post-Issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that such agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under the section titled “**Terms of the Issue**” on page 123 of the Letter of Offer.

Principal Terms of Loans and Assets charged as security

For details in relation to the principal terms of loans and assets charged as security of our Company, please see the section “**Financial Information**” on page 43 of the Letter of Offer.

Underwriting

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

Issue Schedule

Issue Opening Date:	[●]
Last date for receipt of request for SAFs:	[●]
Issue Closing Date:	[●]

The Board of Directors or a duly authorised committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

CAPITAL STRUCTURE

The equity share capital of our Company as on date of this Draft Letter of Offer is set forth below:

(₹ in lakhs except per share data)

Sr. No.	Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
A.	Authorised share capital⁽¹⁾:		
	25,00,00,000 equity shares of ₹1 each	2500.00	[•]
B.	Issued, subscribed and paid up capital		
	15,00,01,551 Equity Shares of ₹ 1 each fully paid-up	1500.02	[•]
C.	Present Issue in terms of this Draft Letter of Offer⁽²⁾		
	[•] Equity Shares of ₹ 1 each at an Issue Price of ₹[•] per Equity Share (premium of ₹ [•] per Equity Share)	[•]	[•]
D.	Issued, subscribed and paid up capital after the Issue (assuming full subscription for and allotment of the Rights Entitlement)		
	[•] Equity Shares of ₹ 1 each fully paid-up	[•]	
E.	Securities premium account		
	Before the Issue		875.01
	After the Issue ⁽³⁾		[•]

Notes:

⁽¹⁾ For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters" on page 38

⁽²⁾ The Issue has been authorised by the Board of Directors of our Company under Section 62 and other provisions of the Companies Act, 2013 in their meeting held on April 10, 2018 and by the members of the company in the Annual General Meeting held on August 30, 2018.

⁽³⁾ Assuming full subscription for and allotment of the Rights Entitlement

Notes to the Capital Structure

1. Details of the outstanding instruments:

Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Letter of Offer.

2. Our Company does not have a stock option scheme.

3. The shareholding pattern of our Company as on June 30, 2018 is as follows:

(a) Summary statement holding of specified securities

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR,1957) As a % of (A+B+C2)	Number of equity shares held in dematerialized form
(A) Promoter & Promoter Group	16	9,62,49,410	9,62,49,410	64.17	9,62,49,410
(B) Public	15,727	5,37,52,141	5,37,52,141	35.83	5,07,33,797
(C1) Shares underlying DRs				0.00	
(C2) Shares held by Employee Trust				0.00	
(C) Non Promoter-Non Public				0.00	
Grand Total	15,743	15,00,01,551	15,00,01,551	100.00	14,69,83,207

(b) Statement showing shareholding pattern of the Promoter and Promoter Group

Category of Shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of equity shares held in dematerialised form
A1) Indian					
Individuals/Hindu undivided Family	7	4,30,96,215	4,30,96,215	28.73	4,30,96,215
V Rajsri	1	1,50,00,000	1,50,00,000	10.00	1,50,00,000
B Vijayakumar	1	1,50,00,000	1,50,00,000	10.00	1,50,00,000
V Rajvirdhan	1	1,05,00,000	1,05,00,000	7.00	1,05,00,000
Vijayshree Vijayakumar	1	15,62,250	15,62,250	1.04	15,62,250
K Arjun	1	5,08,520	5,08,520	0.34	5,08,520
K Nithin	1	5,07,000	5,07,000	0.34	5,07,000
Rajiv Parthasarathy	1	18,445	18,445	0.01	18,445
Any Other (specify)	9	5,31,53,195	5,31,53,195	35.44	5,31,53,195
L G Balakrishnan & Bros Ltd	1	2,90,00,000	2,90,00,000	19.33	2,90,00,000
Elgi Automotive Services Pvt Ltd	1	84,37,950	84,37,950	5.63	84,37,950
LGB Auto Products Private Limited	1	71,58,510	71,58,510	4.77	71,58,510
LG Farm Products Private Limited	1	46,57,800	46,57,800	3.11	46,57,800
Super Transports Private Limited	1	17,25,000	17,25,000	1.15	17,25,000
Super Speeds Private Limited	1	16,39,235	16,39,235	1.09	16,39,235
L G Sports Limited	1	5,06,800	5,06,800	0.34	5,06,800
Silent Chain India Pvt Ltd	1	18,000	18,000	0.01	18,000
Tribe Investments And Services Pvt Ltd	1	9,900	9,900	0.01	9,900
Sub Total A1	16	9,62,49,410	9,62,49,410	64.17	9,62,49,410
A2) Foreign					
A=A1+A2	16	9,62,49,410	9,62,49,410	64.17	9,62,49,410

Statement showing shareholding pattern of the public shareholder

Category & Name of the Shareholders	No of shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding % calculated as per SCRR,1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	Number of equity shares held in dematerialised form (Not Applicable)
B1) Institutions	0	0		0.00		0.00	
Financial Institutions/Banks	1	20	20	0.00	20	0.00	
Any Other (specify)	2	9,500	9,500	0.01	9,500	0.01	3,000
Foreign Institutional Investors	2	9,500	9,500	0.01	9,500	0.01	3,000
Sub Total B1	3	9,520	9,520	0.01	9,520	0.01	3,000
B2) Central Government/ State Government(s)/ President of India	0	0		0.00		0.00	
B3) Non-Institutions	0	0		0.00		0.00	

Individual share capital upto Rs. 2 Lakhs	15,013	3,55,45,256	3,55,45,256	23.70	3,55,45,256	23.70	3,25,50,113
Individual share capital in excess of Rs. 2 Lakhs	21	1,24,49,161	1,24,49,161	8.30	1,24,49,161	8.30	1,24,49,161
Sanjeev Vinodchandra Parekh	1	30,85,169	30,85,169	2.06	30,85,169	2.06	30,85,169
Any Other (specify)	690	57,48,204	57,48,204	3.83	57,48,204	3.83	57,31,523
Bodies Corporate	192	26,80,110	26,80,110	1.79	26,80,110	1.79	26,66,289
Clearing Members	1	5,000	5,000	0.00	5,000	0.00	5,000
Director or Director's Relatives	3	2,71,755	2,71,755	0.18	2,71,755	0.18	2,70,755
HUF	403	22,75,939	22,75,939	1.52	22,75,939	1.52	22,75,939
Non-Resident Indian (NRI)	91	5,15,400	5,15,400	0.34	5,15,400	0.34	5,13,540
Sub Total B3	15,724	5,37,42,621	5,37,42,621	35.83	5,37,42,621	35.83	5,07,30,797
B=B1+B2+B3	15,727	5,37,52,141	5,37,52,141	35.84	5,37,52,141	35.84	5,07,33,797

Statement showing shareholding pattern of the non-Promoter non-public shareholder

Category & Name of the Shareholders (I)	No. of Shareholders (III)	No. of fully paid up equity shares held(IV)	Total no. of shares held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a %of (A+B+C2) (VIII)	Number of equity shares held in dematerialized form(XIV) (Not Applicable)
C1) Custodian/DR Holder	0	0		0.00	
C2) Employee Benefit Trust	0	0		0.00	

Details of disclosure made by the trading members holding 1% or more of the total number of Equity Shares of our Company: Nil

1. None of the Equity Shares held by our Promoter and Promoter Group have been locked-in or pledged or has any encumbrance on such Equity Shares.
2. Details of the shareholders holding more than one percent (1%) of the share capital of our Company as on June 30, 2018, is as follows:

No	Name of shareholder	No. of Equity Shares Held	% of total no. of shares
1	L G Balakrishnan And Bros Ltd	2,90,00,000	19.33
2	V Rajsri	1,50,00,000	10.00
3	B Vijayakumar	1,50,00,000	10.00
4	V Rajvirdhan	1,05,00,000	7.00
5	Elgi Automotive Services Pvt Ltd	84,37,950	5.63
6	LGB Auto Products Private Limited	71,58,510	4.77
7	LG Farm Products Private Limited	46,57,800	3.11
8	Sanjeev Vinodchandra Parekh	30,85,169	2.06
9	Super Transports Private Limited	17,25,000	1.15
10	Super Speeds Private Limited	16,39,235	1.09
11	Vijayshree Vijayakumar	15,62,250	1.04
	Total	9,77,65,914	65.18

3. None of our Promoter and Promoter Group has acquired the Equity Shares in the year immediately preceding the date of filing of this Draft Letter of Offer with SEBI.
4. Intention and extent of participation by our Promoter and Promoter Group in the Issue

Our Promoter and entities forming part of our Promoter Group have, *vide* their letters dated September 26, 2018 (the "**Subscription Letters**") undertaken to: (a) subscribe, jointly and/or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

5. The Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirements of promoters' contribution and lock-in are not applicable.
6. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹[●].
7. All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares on the date of this Draft Letter of Offer. Further, the Rights Equity Shares when issued shall be fully paid-up.

SECTION IV – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The proceeds of the Issue are to be utilized for financing the following objects:

1. Repayment of short term loan availed for funding the acquisition of Puducherry unit
2. Repayment of unsecured loans from promoter group
3. To meet Capital Expenditure at Kondayampalayam (Coimbatore) plant (Cold Forging Division).
4. General Corporate purposes

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. The fund requirement and deployment is based on internal management estimates and has not appraised by any Bank / Financial Institution.

Issue Proceeds

The details of the Issue Proceeds are set forth below:

Particulars	Amount
Gross Proceeds from the Issue*	2650.00
(Less) Issue related expenses	[•]
Net Proceeds from the Issue	[•]

*The Gross Proceeds from the Issue is up to ₹ 2650 lakhs.

In case of variations in the actual utilisation of funds earmarked for the purposes set forth below, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue.

Requirement of funds and utilisation of Net proceeds

The proposed utilization of the Net Issue proceeds is set forth below:

Sr. No.	Description	Amount (in lakhs)
1	Repayment of short term loan availed for funding the acquisition of Puducherry unit	1500.00
2	Repayment of unsecured loans from promoter group	530.00
3	Capital Expenditure at Kondayampalayam (Coimbatore) plant	368.00
4	General Corporate purposes	[•]
	Total	[•]

Means of Finance

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from the Net Issue Proceeds and internal accruals. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance for the aforesaid object, excluding the amount to be raised from the Issue.

Details of the objects of the Rights Issue

1. Repayment of loan taken for funding the acquisition of Puducherry unit

Our Company has entered into a Business Transfer Agreement dated May 25, 2018 to acquire business of Supreme Automech (India) Pvt. Ltd. (**Supreme**) on a slump sale basis. 'Supreme' is engaged in manufacturing of machined ferrous and non ferrous parts for automotive and non-automotive customers. It performs milling, turning and hobbing operations on the raw materials. Its production facility is located at Puducherry with an average output in terms of number of pieces of 1,50,000 Nos. per month. The major customers of Supreme were Poclain Hydraulics, Danfoss Industries Pvt Ltd, Rane Madras Ltd, Motherson Sintermetal Technology Ltd and Barry-Wehmiller International.

Our Company has acquired business of 'Supreme' on a slump sale basis for a total consideration of ₹ 1662.22 lakhs. To finance the said acquisition our Company availed a short term loan from Bajaj Finance Ltd. to the extent of ₹1500 lakhs. Said loan carries rate of interest of 11% p.a. and same is required to be paid by bullet payment before March 15, 2019. The balance consideration for acquisition of 'Supreme' was paid by Company by availing unsecured loans from promoters. While we are servicing the said short term loan regularly, we intend to utilize ₹ 1500 lakhs from the net proceeds of the issue towards repayment of the said short term loan facility to Bajaj Finance Ltd. before due date. The purpose for which the said loan was availed has been fulfilled as we have already acquired the business of 'Supreme' by giving effect to Business Transfer Agreement.

2. Repayment of unsecured loans availed from promoter group

In the past, our Company had taken unsecured loans from Mr. V. Rajvirdhan and Elgi Automotive Services Private Limited, entities forming a part of our Promoter Group to part finance the acquisition of Supreme Automech and also to purchase fixed assets to meet business requirements of our company. The interest rate on such unsecured loans is mutually agreed between Mr. V. Rajvirdhan and Elgi Automotive Services Private Limited and our Company. The unsecured loans are repayable on demand. There are no prepayment penalties for prepayment of such unsecured loans. Our Company intends to utilise ₹ 530 lakhs of the Net Proceeds of the issue towards repayment or prepayment of these unsecured loans. The following table provides details of the unsecured loans availed by our Company, as on September 15, 2018, which are proposed to be repaid from the net proceeds of the issue:

No.	Name of the entity	Outstanding Unsecured Loans (in ₹ lakhs)	Interest rate (%) p.a	Proposed repayment or prepayment from Net Proceeds (₹ in lakhs)
1.	Mr. V. Rajvirdhan	100.00	10%	100.00
2.	Elgi Automotive Services Private Limited	430.00	10%	430.00
	Total	530.00		530.00

Pursuant to certificate dated September 17, 2018 our Statutory Auditor has certified that the unsecured loans availed have been utilised for the purposes for which they were availed.

Given the nature of these borrowing facilities and the terms of repayment, the aggregate outstanding loan amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements to avail unsecured loans. In such cases or in case any of the above loans are paid or further unsecured loan have been availed prior to the completion of the Issue, we may utilise Net Proceeds of the Issue towards repayment or prepayment of such additional unsecured loans.

3. Capacity enhancement at Kondayampalayam (Coimbatore) plant (Cold Forging Division).

Presently the company operates from its plants at Kondayampalayam (Coimbatore), Bengaluru, Mysore and Pudducherry. Some of CNC machines in Kondayampalayam Plant are very old leading to a lower output thereon. We propose to replace these machines by installing new machines / balancing equipments which will improve the overall efficiency by 10% -12%.

The detailed breakup of the estimated cost on the basis of quotations received is as given below:

Description of the machinery	Name of the Supplier	Date of quotation	Quantity	Total cost ₹ in lakhs
Circular Saw Machine	ITL Industries Ltd	13/09/2018	1	32.00
CNC Machine	Lakshmi Machine Works Ltd.	19/09/2018	10	336.00
TOTAL				368.00

4. General Corporate Purposes

Our Company proposes to deploy the Net issue Proceeds aggregating to ₹ [●] lakhs towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds of the Issue, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilize net issue Proceeds include expenses incurred in the ordinary course of business, on acquiring machinery and maintenance and upgradation of existing machinery, funding growth opportunities, reduction in working capital and payment of interest on any borrowing availed by our Company.

In addition to the above, our Company may utilize the Net Issue Proceeds towards other expenditures considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act. Our Company's management, in accordance with the policies of the Board and subject to applicable law, shall have flexibility in utilizing surplus amounts, if any.

Funds Deployed

As per the certificate dated August 31, 2018 issued by M/s N R Doraiswami & Co., Chartered Accountants, an amount of ₹ 5 lakhs has been deployed till August 31, 2018 towards Issue expenses. The same has been financed from the internal accruals of our Company.

Interim use of Net Proceeds

Our Company intends to deposit the Net Proceeds with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934. Our Company confirms that pending utilisation of the Net Proceeds for the objects of the Issue, it shall not utilise the Net Proceeds for any investment in the equity markets, real estate or related products.

Bridge financing facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Issue Expenses

The total expenses of the Issue are estimated to be [●]. The break-up for the Issue expenses is as follows:

No.	Activity Expense	Estimated amount (in ₹ lakhs)	Percentage of total estimated Issue expenditure (%)	Percentage of Issue size (%)
1.	Fees of the Lead Manager, legal advisors, Registrar to the Issue, auditors, including out of pocket expenses	[●]	[●]	[●]
2.	Printing and stationery, distribution, postage, advertising and marketing expenses etc.	[●]	[●]	[●]
3.	Other expenses (including fees payable to SEBI and Stock Exchange, etc.)	[●]	[●]	[●]
Total estimated Issue expenditure		[●]	[●]	[●]

Monitoring of Utilization of Funds

In terms of Regulation 16 of the SEBI ICDR Regulations, there is no requirement for a monitoring agency as the size of the Issue does not exceed ₹ 10,000 lakhs. Our Board and our audit committee of the Board ("Audit Committee") shall monitor the utilization of the Net proceeds. Our Company will disclose the utilization of the Issue Proceeds, including any interim use, under a separate head specifying the purpose for which such proceeds have been utilized along with details, if any in relation to all the Net Issue Proceeds that have not been utilized thereby also indicating investments, if any, of such unutilized Net Issue Proceeds in our balance sheet for the relevant financial years subsequent to the successful completion of the Issue.

Pursuant to Regulation 32(3) of the Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Net proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that Net proceeds have been utilised in full. The statement shall be certified by the Statutory Auditor. Furthermore, in accordance with

Regulation 32(1)(a) of the Listing Regulations, our Company shall furnish to the Stock Exchange on a quarterly basis, a statement including material deviations, if any, in the utilisation of the Net 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 and our Board.

Appraising Entity

None of the objects of the Issue for which the Net proceeds will be utilized have been appraised.

Year wise break-up of proceeds to be used

The entire proceeds of the issue is proposed to be utilised during Fiscal 2020 n the financial year hence no Year wise break-up of proceeds to be used is given separately.

STATEMENT OF TAX BENEFITS

To,

The Board of Directors

LGB Forge Limited

6/16/13, Krishnarayapuram Road,

Ganapathy Post, Coimbatore – 641 006,

Tamil Nadu, India.

Dear Sirs,

Subject: Statement of possible special tax benefits available to LGB Forge Limited (“the Company”) and its shareholders prepared in accordance with the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009, as amended

We refer to the proposed Rights issue of the equity shares (hereinafter referred as “Offer”) of the Company. We enclose herewith the Annexure stating the possible special tax benefits available to the Company and to its shareholders under the provisions of the Income-tax Act, 1961 (the “**IT Act**”), presently in force in India, for inclusion in the Draft Letter of Offer (“**DLOF**”) and the Letter of Offer (“**LOF**”) (collectively the “Offer Documents”).

The benefits discussed in the enclosed Annexure cover only the special tax benefits available to the Company and its shareholders and do not cover general tax benefits. Special tax benefits are benefits which are generally not available for all companies. We are informed that this Statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the nature of individual tax consequences and the changing tax laws, each of the investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the offer for sale of equity shares of the Company.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable, have been/would be met with;

The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct.

The enclosed annexure is intended for your information and for inclusion in the Offer Documents in connection with the rights issue of equity shares. We hereby consent to the use of our name and other details, including reference to our firm as auditors to the Company. We further consent to be named as an expert in the Offer Documents, as defined under the provisions of the Companies Act, 2013 and the rules framed thereunder.

Yours faithfully,

For N R Doraiswami & Co.

Chartered Accountants

Firm Registration No. 000771S

B. R. Ranganathan

Partner

Membership No. 015508

Place: Coimbatore

Date: August 31, 2018

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The information provided below sets out the possible special tax benefits available to the Company and its shareholders under the Income Tax Act 1961 as amended by the Finance Act 2018, i.e. applicable for the Financial year 2018-19 relevant to the assessment year 2019-20, presently in force in India (the “IT Act”).

I. Special tax benefits available to the Company

There are no special tax benefits available to the Company.

II. Special tax benefits available to Shareholders

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

Notes:

1. This statement does not discuss any tax benefits in the country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible special tax benefits and consequences that apply to them.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
3. All the above benefits are as per the current IT Act. Accordingly, any change or amendment in the laws /regulations, which when implemented would impact the same.

SECTION V: ABOUT OUR COMPANY

HISTORY AND CERTAIN CORPORATE MATTERS

Corporate Profile and Brief History

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, Tamil Nadu at Coimbatore. The Corporate Identification Number is L27310TZ2006PLC012830. Pursuant to the scheme of arrangement in March 2008, 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 appointed date for the Scheme was April 1, 2008 (the “Appointed Date”) and the effective date of the scheme was May 9, 2008.

Business

We are engaged in the manufacture and sale of forged and machined components in India and outside India. We manufacture auto, electrical, and transmission forged components for the original equipment manufacturers for automobiles. Our Company has various divisions for forged products, viz., cold, hot and warm, and hot. We also supply products to non-automotive segments like valve Industry and infrastructure equipment industry. We have four state of the art manufacturing units in Bengaluru, Coimbatore, Mysore and Pudducherry. The Pudducherry plant was acquired by the company from Supreme Automech (India) Pvt. Ltd. through a Business Transfer Agreement dated May 25, 2018

The Equity Shares of our company were listed on BSE and NSE since August 01, 2008. For Fiscal Year 2018 our total income was ₹ 10,258.96 lakhs with a net loss of ₹ 317.96 lakhs.

Objects

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

1. To carry on business as manufactures of forgings and castings of all types of metals and metal alloys required for industrial machinery, equipment, hardware and implements of all kinds and description such as required in the metallurgical industry, for steel plants, alloy steel plants, aluminium and copper industry and all other types of industry based on metal in the chemical process engineering, petrochemical, oil, pharmaceuticals, food-process industries and in the mineral industries such as coal mining, iron ore mining and all other industries based on minerals, in the fertilizer industry, pulp and paper, sugar, cement, oil and petroleum, rubber and glass, refractory, plastic, electrical, electronic, power generation industries, cotton, glass, refractory plastic, electrical, electronic, power generation industries, cotton, jute, woollen and synthetic fiber industries, railways, shipping, aeronautical and transportation, printing, radio and telecommunication and any other industries.
2. To carry on the business of iron foundries, metal presses, metal rollers, metal works, rolling mills, metal converters, manufactures, of metal fittings, mechanical appliances and manufactures of workshop equipments, ball and roller bearings, compressors, medium and light machines and tools, industrial and agricultural implements and machinery-power driven or otherwise- brass foundries, and boiler makers.
3. To set up steel furnaces and continuous casting and rolling mill plants for producing steel and alloy steel ingots, casting steel and alloy billets and all kinds and sizes of re-rolled section, i.e. flats, angles, rounds, squares, hexagons, octagons, rails, joints, channels, steel strips, sheets, plates, deformed bars, plates and cold twisted bars, bright bars, shafting, and structures and to set up furnaces, plant and machinery, for melting, casting of ferrous and non-ferrous metals.
4. To carry on the business of mechanical engineers, machinists, fitters, mill wrights, foundries, wire drawers, tube makers, metallurgists, saddlers, galvanizers, annealers, electroplaters and painters.
5. To carry on the business of manufacturers, repairers, assemblers, importers, exporters, dealers, agents, and traders of all engineering components or any sub-assemblies or parts thereof including inter auto products which include shock absorbers, exhaust systems etc., and all other components, parts, sub-assemblies of the products so manufactured, repaired, assembled, distributed, imported, exported and

traded by the company.

6. To carry on the business of manufacturing, importing, exporting and dealing in all kinds of Automobile Components, Spares parts and Accessories.
7. To buy, sell, exchange, repair, improve, lease, alter or otherwise deal with the products such as manufactured, repaired, assembled, distributed, imported, exported or traded or otherwise dealt with by the company.
8. To carry on the business as importers, exporters, distributors, manufacturers, repairers, agents and dealers in all kinds of plant, machinery, apparatus, tools, accessories and thing necessary or convenient for carrying on any of the above businesses of usually dealt in by persons engaged in like business.
9. To carry on the business of repairing and servicing including setting up service station networks in connection with the products so manufactured, assembled, repaired, imported, exported, traded and or otherwise dealt with by the company.
10. To buy, sell, exchange alter improve manipulate prepare for market or otherwise deal in all kinds of plants, machinery, apparatus, tools, substances, materials and things necessary or convenient for carrying on any of the above specified business or proceedings.

Changes in the Registered Office of our Company

Since inception, there has been no change in the registered office address of our Company.

Major events in the history of our Company

Year	Major Event
2006	Incorporated on June 7, 2006 as a public limited company under the provisions of the Act
2008	De-merger of forging division from L G. Balakrishnan & Bros Limited pursuant to the scheme of arrangement approved by the Hon'ble High Court of Madras vide its order dated April 21, 2008
2012	Rights issue of equity shares
2015	Started machining unit at Bengaluru
2018	Acquisition of Puducherry unit

OUR 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, unless otherwise determined by our Company in a general meeting.

As on the date of this Draft Letter of Offer, our company has six (6) Directors out of which one (1) is a Chairman, one (1) is Managing Director, and Four (4) are Non-Executive Independent Director.

The following table sets forth details regarding the Board of Directors as on the date of this Draft Letter of Offer.

Sr. No	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeship
1.	Mr. B. Vijayakumar <i>Designation:</i> Chairman <i>Occupation:</i> Industrialist <i>Address:</i> 28, Kamaraj Road, Race Course Coimbatore – 641018 <i>Nationality:</i> Indian <i>Original date of appointment:</i> June 7, 2006 <i>Term:</i> Liable to retire by rotation <i>DIN:</i> 00015583	66	1. L..G. Balakrishnan & Bros Limited. 2. L.G.B Auto Products Private Limited. 3. LG Sports Limited. 4. LGB USA INC 5. Super Spinning Mills Limited. 6. Super Speeds Private Limited. 7. Elgi Equipments Limited. 8. South Western Engineering India Limited. 9. GFM Corp LLC USA 10. Renold Chain India Private Limited.
2.	Mr. Vijayakumar Rajvirdhan <i>Designation:</i> Managing Director <i>Occupation:</i> Industrialist <i>Address:</i> 28, Kamaraj Road, Race Course Coimbatore – 641018 <i>Nationality:</i> Indian <i>Original Date of appointment:</i> January 28, 2010 <i>Term:</i> Appointed for a term of 3 years and Liable to retire by rotation <i>DIN:</i> 00156787	36	1. L.G.Balakrishnan& Bros Limited 2. South Western Engineering India Limited 3. Elgi Automotive Services Private Limited 4. Super Speeds Private Limited 5. LGB USA INC
3.	Mr. P. Shanmugasundaram <i>Designation:</i> Non-Executive Independent Director <i>Occupation:</i> Business <i>Address:</i> 4/178, Green Lands Near TansiCovai Road, Karur – 639 002 <i>Nationality:</i> Indian <i>Original date of appointment:</i> April 4, 2008	69	1. L.G.Balakrishnan & Bros Limited

Sr. No	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships/ partnerships/ trusteeship
	Term: Appointed for a term of 5 years DIN: 00119411		
4.	Mr. P. V. Ramakrishnan Designation: Non-Executive Independent Director Address: 14/16C1, Sharp Nagar SITRA, Kalapatty Road, Kalapatti Post, Coimbatore – 641 048 Nationality: Indian Occupation: Business Original date of appointment: April 4, 2008 Term: Appointed for a term of 5 years DIN: 00013441	60	1. Mikrosen Control Devices Private Limited
5.	K.N.V.Ramani Designation: Non-Executive Independent Director Address: 152, Kalidas Road, Ramnagar, Coimbatore – 641 009 Nationality: Indian Occupation: Advocate Original date of appointment: January 29, 2008 Term: Appointed for a term of 5 years DIN: 00007931	88	1. Sri Kannapiran Mills Limited 2. Shiva Mills Limited 3. KG Denim Limited 4. Bannariamman Spinning Mills Limited 5. Shiva Texyarn Limited 6. K.P.R.Mill Limited
6.	Ms. Aishwarya Rao Designation: Non-Executive Independent Director Address: Brindavan 1602, Trichy Road, Red fields, Coimbatore-641018 Nationality: Indian Occupation: Educationist Original date of appointment: March 31, 2015 Term: Appointed for a term of 5 years DIN: 07144139	32	NIL

Relationship between our Directors

Name of the Directors	Relationship between Directors
Mr. B. Vijayakumar	Father of Mr. Vijayakumar Rajvirdhan
Mr. Vijayakumar Rajvirdhan	Son of Mr. B. Vijayakumar

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

Brief Biographies of Directors

Mr. B. Vijayakumar, aged 66, is the Chairman and Director of our Company. He 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, and effective implementation of business strategies in the Company. He has an overall experience of more than 50 years.

Mr. Vijayakumar Rajvirdhan, aged 36, is the Managing Director of our company. He is an engineering graduate with specialization in Industrial Management. He has experience in operations and marketing. Being the Managing Director, he is involved in framing strategies and implementing them towards the growth of our Company. He has overall experience of 10 years in the company.

Mr. P. Shanmugasundaram, aged 69, is Chartered Accountant by profession and a law graduate. He has over 30 years of experience in the field of Accounts and Finance. He was a Independent Chartered Accountant practicing since 1974. He was also partner in M/s. Reddy Goud & Janarthana, Chartered Accountants, Bangalore for the past 20 years.

Mr. P. V. Ramakrishnan, aged 60 is an Engineering Graduate has wide experience in operations and marketing and has overall experience of 40 years. He is the Managing Director of M/s Mikrosen Control Devices Private Limited.

Mr. K.N.V. Ramani is a Corporate Lawyer with more than 60 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.

Ms. Aishwarya Rao is a M.Ed. by qualification from Anna University with experience of 10 years in the field of Education. She has been a Director in Vivekalaya Matriculation Higher Secondary School, Coimbatore and Prakriya International School, Coimbatore.

Past Directorships in listed companies

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 Draft 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.

Other confirmations

Our Company has not entered into any service contracts with our Directors, which provide for benefits upon termination of their directorship.

We confirm that as on the date of this Letter of Offer, there are no arrangements or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board as a member of the senior management.

SECTION 5: FINANCIAL INFORMATION

HARIBHAKTI & CO. LLP

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of LGB Forge Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **LGB Forge Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the (state of affairs) financial position, profit or loss (financial performance including other comprehensive income) cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.



Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014 from firm Haribhakti & Co. FRN: 103523W)
Shree Shanmugapriya, 2nd Floor, 454, Ponnalyan Street, Crosscut Road, Gandhipuram, Coimbatore - 641 012, India.
Tel: +91 (422) 2237793 / 2238793 Fax: +91 (422) 2233793
Registered Office: 705, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059, India.
Other Offices: Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi, Pune.

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Chartered Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, its loss (financial performance including other comprehensive income) its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under;
 - e. On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;



Continuation Sheet

HARIBHAKTI & CO. LLP

Chartered Accountants

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 37 on Contingent Liabilities to the Ind AS financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co.LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048



Kaushik Sidartha

Partner

Membership No. 217964



Coimbatore

12-05-2018

HARIBHAKTI & CO. LLP

Chartered Accountants

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of LGB Forge Limited on the financial statements for the year ended 31-03-2018]

- (i)
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company except for the details given below:

₹ in lakhs

Particulars	Total number of cases	Leasehold/ Freehold	Gross Block as on March 31, 2018	Net Block as on March 31, 2018	Remarks
Land & Building at Mysore	1	Freehold	80.25	79.06	The land & Building is in the name of L.G. Balakrishnan & Bros Limited for which the ownership is established by way of demerger vide court order dated 21.04.2008 sanctioning the scheme of demerger.

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.



Continuation Sheet

HARIBHAKTI & CO. LLP

Chartered Accountants

(vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii)

(a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, however, there have been slight delay in few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).

(ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised. The company did not raise any money by way of Initial Public Offer or further public offer including debt instruments during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

(xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.



Continuation Sheet

HARIBHAKTI & CO. LLP

Chartered Accountants

- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048



Kaushik Sidartha

Partner

Membership No. 217964



Coimbatore

12-05-2018

HARIBHAKTI & CO. LLP

Chartered Accountants

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **LGB Forge Limited** on the Financial Statements for the year ended 31-03-2018]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of LGB Forge Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Continuation Sheet

HARIBHAKTI & CO. LLP

Chartered Accountants

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048



Kaushik Sidartha

Partner

Membership No.217974



Coimbatore

12-05-2018



LGB FORGE LIMITED

		(₹ in Lakhs)		
Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
A ASSETS				
1 Non-current assets				
(a) Property, plant and equipment	2	1,246.92	873.50	1,181.21
(b) Capital work-in-progress	4	37.74	-	-
(c) Intangible assets	3	1.37	2.70	4.33
(d) Financial Assets				
Loans	5	84.35	72.21	72.21
(e) Other Non-current assets	6	3.67	14.09	-
Total non-current assets		1,374.05	962.50	1,257.75
(2) Current Assets				
(a) Inventories	7	1,314.18	1,940.44	1,501.92
(b) Financial Assets				
i) Trade receivables	8	1,805.61	1,558.16	2,683.91
ii) Cash and cash equivalents	9	2.46	2.74	3.69
iii) Bank balances other than (ii) above	10	2.99	-	-
iv) Loans	11	4.52	4.78	3.66
v) Others	12	22.11	28.54	14.39
(c) Current Tax Assets (Net)	13	25.96	14.92	24.28
(d) Other current assets	14	114.23	104.63	57.64
Total current assets		3,292.06	3,654.21	4,289.49
Total Assets		4,666.11	4,616.70	5,547.24
B EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity Share capital	15	1,500.02	1,500.02	1,500.02
(b) Other equity	16	(1,160.99)	(824.32)	(615.22)
Total equity		339.03	675.70	884.80
(2) Liabilities				
A. Non-Current Liabilities				
(a) Financial liabilities				
Borrowings	17	617.17	643.66	- 838.97
(b) Provisions	18	53.26	20.10	20.10
Total Non - current liabilities		670.43	663.76	859.07


LGB FORGE LIMITED
BALANCE SHEET AS AT 31.03.2018 (Contd.,)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
B. Current liabilities				
(a) Financial liabilities				
i) Borrowings	19	810.39	951.10	- 1,285.75
ii) Trade payables	20	2,005.59	1,596.56	1,830.18
iii) Other financial liabilities	21	748.67	648.97	603.90
(b) Other current liabilities	22	77.77	25.58	57.13
(c) Provisions	23	14.23	55.03	-26.41
Total current liabilities		3,656.65	3,277.24	3,803.37
Total liabilities		4,327.08	3,941.00	4,662.44
Total Equity and Liabilities		4,666.11	4,616.70	5,547.24

Significant Accounting Policies

1

Notes on Financial Statements

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The significant accounting policies and the accompanying notes form an integral part of the financial statements.

"As per our Report of even date"

For Haribhakti & Co. LLP

Chartered Accountants

FRN No.103523W/W100048



KAUSHIK SIDARTHA
Partner
Membership No.217964
Coimbatore
12.05.2018



For and on Behalf of the Board of Directors

V.RAJVIRDHAN
Managing Director
DIN : 00156787

P. SHANMUGASUNDARAM
Director
DIN: 00119411

R. RAMAKRISHNAN
Chief Financial Officer

R. PONMANIKANDAN
General Manager Cum
Company Secretary


LGB FORGE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018 (₹ in Lakhs)

Particulars	Note No.	For the Year ended 31.03.2018	For the Year ended 31.03.2017
I. Revenue from Operations	24	10,219.25	9,299.75
II. Other Income	25	39.70	36.51
III. Total Revenue (I + II)		10,258.96	9,336.26
IV. Expenses			
a) Cost of material consumed	26	4,934.56	4,574.55
b) Changes in inventories of finished goods, Stock in trade and work in progress	27	497.31	(447.85)
c) Excise Duty Expenses		250.00	1,015.04
d) Employees benefits expense	28	1,356.59	1,271.08
e) Finance Costs	29	312.62	293.35
f) Depreciation and amortisation expense	30	201.79	228.25
g) Other expenses	31	3,024.03	3,006.54
Total Expenses		10,576.91	9,940.96
V. Loss before Exceptional item and tax (III-IV)		(317.96)	(604.70)
VI. Exceptional items		-	388.04
VII. Loss before tax (V-VI)		(317.96)	(216.66)
VIII. Tax expense			
a) Current tax		-	-
b) Deferred tax credit/ (charge)		-	-
Total tax expense		-	-
IX. Loss for the year (VI-VIII)		(317.96)	(216.66)
X. Other comprehensive income net of income tax			
Items that will not be reclassified to profit or loss			
a) Remeasurement of defined benefit plans		(18.72)	7.56
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income net of income tax		(18.72)	7.56
X1. Total comprehensive income for the period (IX+X)		(336.67)	(209.10)
XII. Earning per Equity share (In Rs)			
Basic / Diluted (Face Value of ₹ 1 Each)	32	(0.21)	(0.14)

See accompanying notes forming part of the financial statements

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

"As per our Report of even date"

For Haribhakti & Co. LLP

Chartered Accountants

FRN No. 103523W/W100048

KAUSHIK SIDARTHA

Partner

Membership No. 217964

Coimbatore

12.05.2018



For and on Behalf of the Board of Directors

V. RAJ VIRDHAN
Managing Director
DIN : 00156787

P. SHANMUGASUNDARAM
Director
DIN: 00119411

R. RAMAKRISHNAN
Chief Financial Officer

R. PONMANIKANDAN
General Manager Cum
Company Secretary


LGB FORGE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2018

PARTICULARS	31.03.2018 (₹ in Lakhs)	31.03.2017 (₹ in Lakhs)
Cash Flow From Operating Activities		
Profit before income tax	(317.96)	(216.66)
Adjustments for		
Depreciation and amortisation expense	201.79	228.25
Net (gain)/loss on foreign exchange restatement	(5.18)	9.69
Loss on assets discarded	-	33.89
Profit on sale of fixed asset	(10.43)	(2.76)
Interest received	(6.17)	(7.45)
Finance costs	312.62	293.35
Exceptional Item	-	(388.04)
	174.68	(49.73)
Change in operating assets and liabilities		
(Increase)/ decrease in inventories	626.26	(438.52)
(Increase)/ decrease in trade receivables	(247.45)	1,125.75
(Increase)/ decrease in Other Assets	(18.97)	(77.67)
Increase/ (decrease) in trade payables	409.03	(233.62)
Increase/ (decrease) in other liabilities	144.25	42.14
Cash generated from operations	1,087.79	368.35
Less : Income taxes paid (net of refunds)	(11.04)	9.36
Net cash from/ (used in) operating activities (A)	1,076.75	377.71
Cash Flows From Investing Activities		
Purchase of PPE (Including changes in CWIP)	(625.83)	(20.33)
Sale proceeds of PPE	25.45	457.53
Fixed deposits with banks	(2.99)	-
Interest income	6.17	7.45
Net cash from/ (used in) investing activities (B)	(597.20)	444.65
Cash Flows From Financing Activities		
Proceeds from Long term borrowings	200.00	-
Repayment of borrowings	(367.20)	(529.96)
Finance costs	(312.62)	(293.35)
Net cash from/(used in) financing activities (C)	(479.82)	(823.31)
Net decrease in cash and cash equivalents (A+B+C)	(0.28)	(0.95)
Cash and cash equivalents at the beginning of the financial year	2.74	3.69
Cash and cash equivalents at end of the year	2.46	2.74

The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".
The significant accounting policies and the accompanying notes form an integral part of the financial statements.

"As per our Report of even date"

For Haribhakti & Co. LLP

Chartered Accountants

FRI No.103523W/W100048

KAUSHIK SIDARTHA

Partner

Membership No.217964

Coimbatore

12.05.2018



For and on Behalf of the Board

V. RAJIVRATHAN
Managing Director
DIN : 00156787

P. SHANMUGASUNDARAM
Director
DIN : 00119411

R. RAMAKRISHNAN
Chief Financial Officer

R. PONMANIKANDAN
General Manager Cum
Company Secretary



LGB FORGE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

STATEMENT OF CHANGES IN EQUITY

Particulars					
A. Equity Share Capital	(Rs. In Lakhs)				
Balance at the beginning of April 1, 2016	(1,500.02)				
Changes in equity share capital during the year	-				
Balance at the end of March 31, 2017	(1,500.02)				
Changes in equity share capital during the year	-				
Balance at the end of March 31, 2018	(1,500.02)				
B. Other Equity					
Particulars	Capital Reserve	Securities premium	Retained Earnings	Other comprehensive income	Total
Balance as at April 1, 2016	2,898.85	875.01	(4,412.00)	22.92	(615.22)
Loss for the year	-	-	(216.66)		(216.66)
Other comprehensive income for the year (net of tax)	-	-	-	7.56	7.56
Balance as at March 31, 2017	2,898.85	875.01	(4,628.66)	30.48	(824.32)
Loss for the year	-	-	(317.96)		(317.96)
Other comprehensive income for the year (net of tax)	-	-	-	(18.72)	(18.72)
Balance as at March 31, 2018	2,898.85	875.01	(4,946.62)	11.77	(1160.99)

Significant Accounting Policies 1

Notes on Financial Statements 2-49

The accompanying notes and significant accounting policies form an integral part of financial statements.

"As per our Report of even date"

For and on Behalf of the Board

For Haribhakti & Co. LLP

Chartered Accountants

FRN No. 103523W/W100048

KAUSHIK SIDARTHA

Partner

Membership No. 217964

Coimbatore

12.05.2018


V. RAJ KIRISHAN
Managing Director
DIN : 00156787

P. SHANMUGASUNDARAM
Director
DIN : 00119411

R. RAMAKRISHNAN
Chief Financial Officer

R. PONMANIKANDAN
General Manager Cum
Company Secretary



LGB FORGE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note No. 1

A Corporate Information

LGB Forge Limited was incorporated on 07.06.2006. The company is into manufacturing of Cold and Hot forged components and has its manufacturing unit at Tamilnadu and Karnataka. The company concentrates in manufacturing high volume Auto, Electrical & Transmission forged components for automobiles, non automotive segments like Valve Industry and infrastructure equipment industry including machining for customers in automotive, off-road and non-automotive segments.

Application of new and revised Indian Accounting Standards

The Company has applied all the Indian Accounting Standards (hereinafter referred to as 'Ind AS') notified by the Ministry of Corporate Affairs (MCA) to the extent applicable to the Company.

The following standards have been notified by Ministry of Corporate Affairs and are not effective as of 31st March 2018:

- Ind AS 115 - Revenue from Contracts with Customers (effective from April 1, 2018)
- Ind AS 116 - Leases

The Company is evaluating the requirements of the above standards and the effect on the financial statements is also being evaluated.

B SIGNIFICANT ACCOUNTING POLICIES:

I. General Information and Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented.

These financial statements for the year ended 31 March 2018 are the first financial statements which the Company has prepared in accordance with Ind AS. For all periods up to and including the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Accounting Standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, with the date of transition to Ind AS being 1st April 2016. "For the purpose of comparatives, financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016 are also prepared as per Ind AS.

II. Basis of preparation and presentation

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such



LGB FORGE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

III. Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective Judgements and the use of assumptions in these financial statements have been disclosed separately under the heading "Significant accounting Judgements, estimates and assumption.

IV. Current versus non - current classification

The entity presents assets and liabilities in the

balance sheet based on current/ non-current classification.

An asset is classified as current, when:

-It is expected to be realised or intended to be sold or consumed in normal operating cycle. It is held primarily for the purpose of trading.

-It is expected to be realised within twelve months after the reporting period, or

-It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

-All other assets are classified as non-current.

A liability is classified as current, when:

-It is expected to be settled in normal operating cycle.

-It is held primarily for the purpose of trading.

-It is due to be settled within twelve months after the reporting period, or

-There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

-The entity classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

V. Revenue Recognition

Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods including excise duty and after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.



LGB FORGE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Income from Service

Income from sale of services is recognised when the services are rendered as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

In respect of the exports made by the Company, the related export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive the incentives/ entitlements as per the terms of the scheme is established and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest Income

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

VI. Property, Plant and Equipment

Property, Plant and Equipment (PPE) being fixed assets are tangible items held for use or for administrative purposes and are measured at cost less accumulated depreciation and any accumulated impairment. Cost comprises of the purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any costs attributable to bringing the asset to the location and

condition necessary for it to be capable of operating in the manner intended by the Management. Financing costs relating to acquisition of assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use. Items of stores and spares that meet the definition of PPE are capitalized at cost and depreciated over its useful life. The Carrying amount of an item of PPE is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized. Depreciation on Property, Plant and Equipment (PPE) are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, except for building and medical equipments, which are depreciated over the useful life as estimated by the management.

The management believes that the useful life adopted reflect the expected pattern of consumption of future economic benefit:

Particulars	Useful life
Factory Building	30 Years
Plant and Equipment	7.5 Years (Triple Shift)
Furniture and Fittings	10 Years
Vehicles	8 Years
Other Equipment	15 Years

Where the cost of a part of the PPE is significant to the total cost of the PPE and if that part of the PPE has a different useful life than the main PPE, the useful life of that part is determined separately for depreciation.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The depreciation method applied to an asset is reviewed at each financial year-end and if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged to reflect the changed pattern.

VII. Intangible Assets

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalised and amortised along with the related fixed asset. Other software is amortised, on a straight line method, over a period of three years based on management's assessment of useful life.

Useful lives of Intangible Assets

Class of Assets	Years
Software	3 Years

VIII. Impairment of Property, Plant and Equipment and Intangible Assets

The carrying amounts of its tangible and Intangible assets are reviewed, as at each balance sheet date, to determine if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows as a cash generating unit are discounted to the present value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an extent occurring after the impairment loss was recognised.

The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that

would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

IX. Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition.

- Costs of raw materials, packing materials, tools and dies and Store & Spare Parts are computed on weighted average basis.
- Costs of finished goods and semi-finished goods are computed on weighted average basis.
- Agriculture Produce is valued at estimate realizable value.
- Cost of stock held for trading are computed on weighted average basis.

X. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income (FVOCI);



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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(iii) Debt instruments and equity instruments at fair value through profit or loss (FVTPL);

(iv) Equity instruments measured at fair value through other comprehensive income (FVOCI).

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

-The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

-Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included

within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

De-recognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de-recognized when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement and either

- the Company has transferred substantially all the risks and rewards of the asset, or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and transaction cost (if any) that is attributable



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to the acquisition of the financial liabilities is also adjusted

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

i. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

ii. Trade and other payables

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortized cost unless designated as fair value through profit and loss at the inception.

iii. Other financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

De-recognition of Financial Liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or Modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

d) Compound Financial Instruments

A financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and is subsequently measured at amortized cost. The residual value is recognized as equity component of other financial instrument and is not re-measured after initial recognition.

The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognized directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortized using effective interest method.

XI. Impairment of Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The



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Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

XII. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participant's would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

XIII. Foreign currencies

a) Initial recognition

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

b) Conversion

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Foreign currency monetary items are reported using closing foreign exchange rate. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary



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items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expenses in the year in which they arise.

XIV. Borrowing costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All the other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

XV. Employee benefits

a) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Liabilities with regard to the Gratuity plan AND Long term Compensated absences are determined by actuarial valuation, performed by an independent actuary, at each Balance sheet date using the projected unit credit method. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined

benefit liability or asset. Defined benefit costs are categorized as follows:

Service cost (including current service cost, past service cost, as well as gains losses on curtailments and settlements);

Net interest expense or income; and

Re-measurement of actuarial gain/losses

The Company presents the first two components of defined benefit costs in the statement of Profit and Loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

b) Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liability recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.



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XVI. Lease

a) Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

b) Company as a Lessee

Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalized at the inception of the lease at lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognized as an expense in the statement of profit and

loss on a straight line basis over the lease term.

XVII. Taxation

Income tax expense comprises current tax and the net change in the deferred tax asset or liability during the year.

a) Current Tax

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessments/appeals.

b) Deferred Tax

Deferred tax is recognized on temporary differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exist to set off current tax assets against current tax liabilities and deferred tax assets/deferred tax liabilities relate to same taxable entity and same taxation authority.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.



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Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

XVIII. Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value unless otherwise required by the standard and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

XIX. Earnings per share

- a) Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.
- b) For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

XX. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in

value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make Judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the company's accounting policies :

a) Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting period. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Such lives are dependent upon an assessment of both the technical lives of the asset and also their economic lives based on various internal and external factors including efficiency and operating costs. Accordingly depreciation lives are reviewed annually using the best information available to the management.



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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

b) Evaluation of indicators for impairment of assets

The evaluation of applicable indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets

c) Recognition of deferred tax liability

Significant management judgement is required to determine the amount of deferred tax asset that can be recognised based on the likely timing and the level of future taxable profits together with future tax planning strategies.

d) Provision and contingent liability

Provisions and liabilities are recognised in the period when it becomes probable that there will be future outflows of funds from past events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

On an ongoing basis, the Company reviews pending cases, claims by third parties and other

contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies, the likelihood of which is remote, are not disclosed in the financial statements.

e) Defined benefit obligation

Management's estimate of the Defined Benefit obligation is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the obligation amount and the annual defined benefit expenses.

f) Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.


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Notes to Financial Statements for the year ended 31st March 2018
Non Current Assets
2 Property, Plant and Equipment

₹ in Lakhs

Particulars	Tangible Assets							
	Land	Building	Plant and Equipment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equipment	Other Assets
Cost /Deemed Cost								
As at April 1, 2016	80.03	52.78	951.59	3.70	44.26	14.20	5.53	29.12
Additions	-	-	17.69	-	0.99	-	0.33	1.32
Disposals	10.78	1.18	98.64	0.29	14.79	2.05	0.06	4.83
As at March 31, 2017	69.25	51.60	870.64	3.41	30.46	12.15	5.80	25.61
Additions - Refer Note (a)	-	-	548.79	-	10.21	5.20	0.56	23.33
Disposals	-	-	15.02	-	-	-	0.37	-
As at March 31, 2018	69.25	51.60	1,404.41	3.41	40.67	17.35	5.99	48.94
Accumulated Depreciation/ Amortization								
April 1,2016								
Charge for the year	-	2.66	201.97	0.62	11.24	1.67	1.85	6.61
Reversal of Provision for impairment loss	-	-	32.00	-	-	-	-	-
Withdrawals	-	-	-	-	-	-	-	-
As at March 31, 2017	-	2.66	169.97	0.62	11.24	1.67	1.85	6.61
Charge for the year	-	2.57	185.35	0.28	3.95	1.63	1.49	5.19
Withdrawals	-	-	-	-	-	-	0.37	-
As at March 31, 2018	-	5.23	355.32	0.90	15.19	3.30	2.97	11.80
Net Block								
As at April 1, 2016	80.03	52.78	951.59	3.70	44.26	14.20	5.53	29.12
As at March 31, 2017	69.25	48.94	699.87	2.79	19.22	10.48	3.95	19.00
As at March 31, 2018	69.25	46.37	1,049.09	2.51	25.48	14.05	3.02	37.14

Notes :

- Additions during the year includes purchase of vehicle, the registration formalities for which is under process.
- Property, plant and equipment pledged as security against borrowings, are stated in Note No 17 and Note 19
- The company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all its Property, Plant and Equipment as recognised in the financial statements as at the date of transition to Ind AS(s), measured as per previous GAAP and use that as its deemed cost as at the date of transition (April 1, 2016) as per the following details:-

Reconciliation of Carrying value as per previous GAAP with deemed cost as per Ind AS:

Particulars	Gross Block (At Cost)	Accumulated Depreciation	Net Block as per Previous GAAP	Ind AS adjustment	Net block as per IndAS
Land	80.03	-	80.03	-	80.03
Building	134.18	81.40	52.78	-	52.78
Plant and Equipment	6,888.41	5,956.92	931.49	20.10	951.59
Furniture and Fittings	43.85	40.15	3.70	-	3.70
Electrical Fittings	284.19	239.93	44.26	-	44.26
Vehicles	32.01	17.81	14.20	-	14.20
Office Equipment	14.59	9.06	5.53	-	5.53
Other Assets	165.94	136.82	29.12	-	29.12



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Notes to Financial Statements for the year ended 31st March 2018

3. Intangible Assets

₹ in Lakhs

Particulars	Computer Software	Total Intangible Assets
Cost /Deemed Cost		
As at April 1, 2016	4.33	4.33
Additions	-	-
Disposals	-	-
As at March 31, 2017	4.33	4.33
Additions	-	-
Disposals	-	-
As at March 31, 2018	4.33	4.33
Accumulated Depreciation/Amortization		
April 1,2016		
Charge for the year	1.63	1.63
Reversal of Provision for impairment loss	-	-
Withdrawals	-	-
As at March 31, 2017	1.63	1.63
Charge for the year	1.33	1.33
Withdrawals	-	-
As at March 31, 2018	2.96	2.96
Net Block		
As at April 1, 2016	4.33	4.33
As at March 31, 2017	2.70	2.70
As at March 31, 2018	1.37	1.37

Notes:

- a) The company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all its Intangible Assets as recognised in the financial statements as at the date of transition to Ind AS(s), measured as per previous GAAP and use that as its deemed cost as at the date of transition (April 1, 2016) as per the following details:-

Reconciliation of Carrying value as per previous GAAP with deemed cost as per Ind AS:

Particulars	Gross Block (At Cost)	Accumulated Depreciation	Net Block as per Previous GAAP	Ind AS adjustment	Net block as per Ind AS
Computer Software	41.32	36.99	4.33	-	4.33



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Notes to Financial Statements for the year ended 31st March 2018

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
4 CAPITAL WORK-IN-PROGRESS			
Capital Work-in-progress	37.74	-	-
Total	37.74	-	-
5 FINANCIAL ASSETS: LOANS			
Unsecured, considered good			
Security Deposits	84.35	72.21	72.21
Total	84.35	72.21	72.21
6 OTHER NON CURRENT ASSETS			
Capital advance	-	14.09	-
Advance Lease Rental Expense	3.67	-	-
Total	3.67	14.09	-
CURRENT ASSETS			
7 INVENTORIES			
Raw Materials	709.77	821.65	796.07
Work-in-progress	253.39	412.23	361.16
Finished goods	209.61	548.08	151.30
Stores and spares	109.64	106.71	94.36
Loose Tools	31.77	51.77	99.03
Total	1,314.18	1,940.44	1,501.92

Notes:

- There are no Goods in Transit as on 31/03/2018
- For method of valuation of inventories, refer Note 1.B.IX
- Inventories with the above carrying value, pledged as security against borrowings, are stated in Note No 19
- Cost of Inventory recognised as expenditure

Particulars	2017-18	2016-17
Raw Materials	4,934.56	4,574.55
Others *	668.99	635.83
Total	5,603.55	5,210.38

* Others include Stores and Spares, Loose Tools


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Notes to Financial Statements for the year ended 31st March 2018

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 1.04.2016 ₹ in lakhs
8 FINANCIAL ASSETS: TRADE RECEIVABLES			
Unsecured Considered good	1,805.61	1,558.16	2,683.91
Unsecured, considered doubtful	68.06	45.13	84.11
Less: Allowance for doubtful debts	(68.06)	(45.13)	(84.11)
Total	1,805.61	1,558.16	2,683.91

Notes:

a) Allowance for ECL

In determining the allowances for doubtful trade receivables, the company uses ECL allowance method. Expected credit losses are accounted after taking into account historical credit loss experiences of the company.

Movement in allowance for ECL	2017-18	2016-17
Opening balance	45.13	84.11
Additions	22.93	-
Reversals	-	38.98
Closing balance	68.06	45.13

b) Trade receivables with the above carrying value, pledged as security against borrowings, are stated in Note No 19.

c) Credit period offered to customers varies between 30 to 90 days.

9 FINANCIAL ASSETS: CASH AND CASH EQUIVALENTS

Cash on hand	0.64	1.09	1.78
Balance with Bank			
-In current accounts	1.82	1.65	1.91
Total	2.46	2.74	3.69

10 FINANCIAL ASSETS: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

-In Earmarked balances			
Margin money deposit	2.99	-	-
Total	2.99	-	-

* Earmarked bank balances are restricted in use in the form of margin money towards Letter of Credit and Bank Guarantee

11 FINANCIAL ASSETS: LOANS

Unsecured, considered good			
Loans to Employees	4.52	4.78	3.66
Total	4.52	4.78	3.66

12 FINANCIAL ASSETS: OTHERS

"Receivables from Related Parties" (Refer Note:46)"	22.11	28.54	14.39
Total	22.11	28.54	14.39


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
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13 CURRENT TAX ASSETS

Advance taxes (net of provision)	25.96	14.92	24.28
Total	25.96	14.92	24.28

14 OTHER CURRENT ASSETS

Prepaid expenses	9.37	9.49	11.65
Balances with statutory authorities	-	31.31	42.04
Unamortized interest expenses	1.15	-	-
Advances to suppliers	35.72	4.21	3.95
Advances for expenses	20.90	12.54	-
Receivables on sale of Fixed Assets	47.08	47.08	-
Total	114.23	104.63	57.64

15. EQUITY SHARE CAPITAL

Authorized Share Capital 3,00,000 Redeemable Preference shares of ₹100/- each (31.03.2017,01.04.2016 300,000 Preference shares of ₹100/- each)	300.00	300.00	300.00
17,00,00,000 equity shares of ₹1/- each (31.03.2017,01.04.2016 : 17,00,00,000 equity shares of ₹1/- each)	1700.00	1700.00	1700.00
Issued and Subscribed Capital 15,00,01,551 Equity shares of ₹1/- each (31.03.2017,01.04.2016 : 15,00,01,551 Equity shares of ₹1/- each)	1500.02	1500.02	1500.02
Total	1500.02	1500.02	1500.02

a. Reconciliation of shares outstanding at the beginning and at the end of the period ₹ in lakhs

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Shares outstanding at the beginning of the period	150,001,551	1,500.02	150,001,551	1,500.02	150,001,551	1,500.02
Add: Shares issued during the period	-	-	-	-	-	-
Less: Shares bought back during the year	-	-	-	-	-	-
Outstanding at the end of the period	150,001,551	1,500.02	150,001,551	1,500.02	150,001,551	1,500.02

b. Terms/ Rights attached to the Equity Shares

- The Company has only one class of Equity Shares having par value of Rs.1/- per share. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays Dividend in Indian Rupees.
- The Dividend Proposed is as recommended by the Board of Directors and subject to the approval of the Shareholders' in the Annual General Meeting.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

- c. The Company does not have any holding company or ultimate holding company as on 31.03.2018
- d. Shareholders holding more than 5% shares

	As at 31.03.2018		As at 31.03. 2017		As at 01.04. 2016	
	Number of Shares	% of holding	Number of Shares	% of holding	Number of Shares	% of holding
L.G. Balakrishnan & Bros Ltd	29,000,000	19.33	29,000,000	19.33	29,000,000	19.33
Smt. V. Rajsri	15,000,000	10.00	15,000,000	10.00	15,000,000	10.00
Sri. B. Vijayakumar	15,000,000	10.00	15,000,000	10.00	15,000,000	10.00
Sri. V. Rajvirdhan	10,500,000	7.00	10,500,000	7.00	10,500,000	7.00
Elgi Automotive Services P Ltd	8,437,950	5.63	8,437,950	5.63	8,437,950	5.63

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
16. OTHER EQUITY			
Capital Reserve	2,898.85	2,898.85	2,898.85
Securities Premium	875.01	875.01	875.01
Retained Earnings	(4,946.62)	(4,628.66)	(4,412.00)
Other Comprehensive Income	11.77	30.48	22.92
TOTAL	(1,160.99)	(824.32)	(615.22)

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Amount	Amount	Amount	Amount	Amount	Amount
RESERVES AND SURPLUS						
1. Capital Reserve						
Opening Balance	2,898.85		2,898.85		2,898.85	
Add: Additions during the year	-		-		-	
Less: Deletions during the year	-		-		-	
Closing Balance		2,898.85		2,898.85		2,898.85
2. Securities Premium						
Opening Balance	875.01		875.01		875.01	
Add: Additions during the year	-		-		-	
Less: Deletions during the year	-		-		-	
Closing Balance		875.01		875.01		875.01
3. Retained Earnings						
Opening Balance	(4,628.66)		(4,412.00)		(4,362.52)	
Add: Additions during the year						
Profit During The Year	(317.96)		(216.66)		-	
Transfer from OCI						
Impact on account of transition to IND AS					(49.48)	
Closing Balance		(4,946.62)		(4,628.66)		(4,412.00)


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Amount	Amount	Amount	Amount	Amount	Amount
4. Other Comprehensive Income						
Opening Balance	30.48		22.92		-	
Add: Additions during the year					22.92	
i. Remeasurement of Actuarial gains/ losses (net of tax)	(18.72)		7.56		-	
Less: Deletions during the year	-		-		-	
Closing Balance		11.77		30.48		22.92
TOTAL	(1,160.99)		(824.32)		(615.22)	

Capital Reserves:

LGB Forge Ltd was demerged from LG Balakrishnan and Bros Ltd in the year 2008. At the time of demerger on 21.04.2008, reserves on the date of demerger were transferred to Capital Reserves to the extent of the demerged portion.

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
NON CURRENT LIABILITIES			
17. BORROWINGS			
Secured at amortised cost			
Term loans from others-Bajaj Finance Limited	620.00	650.00	850.00
Less: Unamortised interest	(2.83)	(6.34)	(11.03)
Total	617.17	643.66	838.97

- 1) The company has not defaulted in the repayment of loans and interest as at the balance sheet date.
- 2) Repayment and interest terms:
 - i) Term Loan from Bajaj Finance Limited is repayable in 13 quarterly instalments of Rs. 50 lakhs each. Interest rate: 'PLR minus 7.5%', payable on monthly basis.
 - ii) Term Loan from Bajaj Finance Limited repayable in 20 quarterly instalments of Rs. 10 lakhs each. "Interest rate : 'PLR minus 8.25%', payable on monthly basis.
- 3) Security Details
The loan is secured by way of :
 - a) Factory Land and Building at No. 80 & 81, 5th Mile, Matagalli post, KRS Road, Mysore, Karnataka, and
 - b) Charge on all Movable Fixed Assets of the Company both present and future.

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
18 LONG TERM PROVISIONS			
Provision for Gratuity(Refer note: 47)	31.65	-	-
Provision for Leave encashment(Refer note : 47)	1.51	-	-
Provision for Decommissioning Liability	20.10	20.10	20.10
Total	53.26	20.10	20.10


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
CURRENT LIABILITIES			
19. BORROWINGS			
Secured Loans repayable on demand			
-From banks	310.39	451.12	785.75
- From others	500.00	499.98	500.00
Total	810.39	951.10	1,285.75

Terms and conditions of short term loans taken from banks and financial institutions:

- 1) Cash Credit from Axis Bank carries an interest rate of 3 Months MCLR +1.75% " payable at monthly intervals and are secured by first pari passu charge on entire current assets and second pari passu charge on the entire movable fixed assets of the Company, both present and future.
- 2) Cash Credit from ICICI Bank carries interest rate of 6 Months MCLR + 1.50% payable at monthly intervals and are secured by first charge of the Company's entire stock of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, ranking pari passu with other participating bank.
- 3) Cash Credit from IDBI bank carries interest rate of 6 Months MCLR +3.15% " payable at monthly intervals and are secured by pari passu first charge over the current assets of the Company , Collateral pari passu second charge over the fixed assets of the company except those that are exclusively charged to term lenders.
- 4) Working Capital Loan from Bajaj Finance Limited carries interest of PLR minus 9%"" and is secured by way of:
 - a) Factory Land and Building at No. 80 & 81, 5th Mile, Matagalli post, KRS road, Mysore Karnataka, and
 - b) a charge on all Movable Fixed Assets of the company both present and future."
- 5) The above loans are further secured by Corporate Guarantee by L.G. Balakrishnan & Bros Limited.

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
20 TRADE PAYABLES			
Total outstanding dues of micro and small enterprises (Refer Note No. 36)	-	-	-
Total outstanding dues of creditors other than Micro and small enterprises	2,005.59	1,596.56	1,830.18
Total	2,005.59	1,596.56	1,830.18

21 OTHER FINANCIAL LIABILITIES

Current maturities of long-term debt	230.00	200.00	150.00
Less: Current portion of unamortized interest expense	(3.51)	(4.69)	(6.02)
	226.49	195.31	143.98
Interest accrued but not due on borrowings	9.34	7.97	3.65
Accrued Employee Benefits	182.13	101.46	109.01
Amount payable to Related Parties(Refer Note No 46)	6.19	3.76	8.81
Expense payable	324.52	340.47	338.45
Total	748.67	648.97	603.90


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
22 OTHER CURRENT LIABILITIES			
Statutory Dues payable	66.66	19.40	37.61
Advance from Customers	11.11	6.18	19.52
Total	77.77	25.58	57.13
23 SHORT TERM PROVISIONS			
Provision for Gratuity (Refer Note : No. 47)	13.93	20.01	10.01
Provision for leave encashment (Refer Note No. 47)	0.30	1.92	
Provision for Claims & Damages	-	33.10	16.40
Total	14.23	55.03	26.41
Movement in provision for claims and damages			
Opening balance	33.10	16.40	
Additions	-	16.70	
Reversals	(33.10)	-	
Closing balance	-	33.10	


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Particulars	For the Year ended 31.03.2018	For the Year ended 31.03.2017
24 REVENUE FROM OPERATIONS		
A. Sale of products (including excise duty and excluding GST)		
Domestics	8,820.36	8604.77
Exports	781.29	261.30
Total (A)	9,601.65	8,866.07
B. Sale of services	12.95	21.93
C. Other Operating Revenue.	-	411.75
Scrap Sales	604.66	-
Total (A+B+C)	10,219.25	9,299.75
25 OTHER INCOME		
Interest Income	6.17	7.45
Profit on sale of assets (Net)	10.43	2.76
Foreign Exchange Gain (Net)	5.18	-
Export incentive and Receipts	17.92	26.30
Total	39.70	36.51
26 COST OF MATERIALS CONSUMED		
Raw Materials Consumption		
Opening Stock	821.65	796.07
Add: Purchases	4,822.68	4,600.13
Less : Closing Stock	709.77	821.65
Total	4,934.56	4,574.55
Details of Raw Materials and components consumed		
Rods, Coils and bars:		
Imported	-	-
Indigenous	4,934.56	4,574.55
Total	4,934.56	4,574.55
27 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, STOCK IN TRADE AND FINISHED GOODS		
Inventory at the end of the year	2017-18	2016-17
Work in Progress	253.39	412.23
Finished Goods	209.61	548.08
Total Inventory at the end of the year	463.00	960.31
Inventory at the beginning of the year	2017-18	2016-17
Work in Progress	412.23	361.16
Finished Goods	548.08	151.30
Total Inventory at the beginning of the year	960.31	512.46
Total (increase)/Decrease in inventories	497.31	(447.85)



LGB FORGE LIMITED

Notes to Financial Statements for the year ended 31st March 2018

Particulars	For the Year ended 31.03.2018	(₹ in Lakhs) For the Year ended 31.03.2017
28 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages and Bonus	1,186.34	1,099.02
Contributions to Provident fund and other funds	96.80	98.01
Staff welfare expenses	70.95	63.83
Managerial Remuneration	2.50	10.22
Total	1,356.59	1,271.08
29 FINANCE COST		
Interest	266.48	267.29
Other borrowing costs	46.14	26.06
Total	312.62	293.35
30 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation (Refer note: 2)	200.46	226.62
Amortization (Refer Note: 3)	1.33	1.63
Total	201.79	228.25
31 OTHER EXPENSES		
Consumptions of Store and Spares	378.47	328.76
Consumption of Loose Tools	290.53	307.07
Processing Charges	539.55	688.19
Power and Fuel	905.42	753.35
Rent	72.16	48.64
Rates and Taxes	17.89	27.16
Insurance	10.44	12.78
Travelling and Conveyance	68.72	74.95
Directors Sitting fees	1.23	1.28
Professional charges	17.94	13.07
Selling & Distribution expenses	365.76	292.74
Watch and Ward expenses	55.48	43.59
Provision for ECL	26.06	-
Loss on Foreign Exchange Rate Difference	-	9.69
Loss on scrapping of assets	-	33.89
Bank charges	3.42	2.38
Audit Fees (Refer Note 31 A)	5.25	5.34
Repairs and Maintenance		
Buildings	43.38	66.58
Machinery	148.38	202.23
Others	40.15	58.51
Miscellaneous Expenses	33.79	36.34
Total	3,024.03	3,006.54


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Particulars	For the Year ended 31.03.2018	(₹ in Lakhs) For the Year ended 31.03.2017
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31A AUDITORS' REMUNERATION

- Statutory audit	3.35	3.35
- Taxation matters	1.90	1.99
Total	5.25	5.34

32 EARNINGS PER SHARE

Loss for the year attributable to owners of the company (₹ in Lakhs)	(317.96)	(216.66)
Weighted Average Number of Equity Shares outstanding during the year for the purpose of Basic Earnings / Diluted Earnings Per Share (Nos. in Lakhs)	1,500.02	1,500.02
Basic & Diluted Earnings Per Share in ₹	(0.21)	(0.14)

33 DEFERRED TAX ASSET

Deferred tax asset has not been recognised in respect of the following items because it is not probable that future taxable profits will be available against which the company can use the benefits thereon.

Losses that shall expire		
Business Loss	286.46	286.46
Losses that shall not expire	-	-
Depreciation loss	2,232.04	2,027.51
Total	2,518.50	2,313.97

*The above figures are based on the last published balance sheet

34 EARNINGS IN FOREIGN CURRENCY

- FOB value of exports	758.84	212.47
Total	758.84	212.47

35 EXPENDITURE IN FOREIGN CURRENCY

Travelling	-	-
Others	6.16	10.92
Total	6.16	10.92


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

(₹ in Lakhs)

Particulars	For the Year ended 31.03.2018	For the Year ended 31.03.2017
36 Details of dues to Micro, Small and Medium Enterprises as defined under the MSME Act, 2006		
(a) The principal amount and the interest due thereon remaining unpaid as at the end of each accounting year	-	-
(b) Delayed payments of principal amount paid beyond the appointed date during the year	-	-
(c) Interest actually paid under Section 16 of MSME Act	-	-
(d) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms	-	-
(e) Total interest accrued during the year and remaining unpaid	-	-

*This information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

37 COMMITMENTS AND CONTINGENT LIABILITIES

Contingent Liabilities		
Bank guarantees	158.00	115.00
Claim anticipated towards termination of employee challenged by appeal	7.19	5.07
Letter of Credits	764.00	447.60

38 OPERATING SEGMENTS

The company is engaged in the business of "Manufacture of Forged and Machined Components" and therefore, has only one reportable segment in accordance with Ind AS 108 'Operating Segments'.

Information relating to geographical areas

(a) Revenue from external customers		
Within India	8,820.36	8,604.77
Outside India	781.29	261.30
Total	9,601.65	8,866.07
(b) Non current assets		
All non current assets of the company are located in India		
(c) Information about major customers		
Number of external customers each contributing more than 10% of total revenue	2	2
Total revenue from the above customers	4,673.17	4,673.17


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Particulars	For the Year ended 31.03.2018	(₹ in Lakhs) For the Year ended 31.03.2017
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39 OPERATING LEASE ARRANGEMENTS

The Company has entered into operating leases, having a lease period ranging from one year to five years, with an option to renew the lease. The total amount of lease rents recognised on operating leases during the year is Rs. 72.16 Lakhs (Previous year Rs.42.64 Lakhs).

Particulars	31.03.2018	31.03.2017
Future minimum lease payments payable		
- Within one year	83.15	42.64
- After one year but not more than five years	129.12	54.16
- More than five years	-	-

40 Government Grants

The details of Government Grants received by the Company are as follows :

Duty Drawback on exports	15.52	11.52
Export incentives	2.40	14.78
Interest subvention on export finance	17.92	26.03

41 Corporate Social Responsibility

The average net profit of the immediately proceeding three financial years is negative, accordingly, the company is not mandated to spend any amount towards CSR activities for the financial year 2017-18.

42 Disclosure as required under Regulation 34(3) and 53 (f) of SEBI (LODR) Regulations, 2015

Loans and advances to firms/ companies in which directors are interested - Rs. Nil (Previous year - Rs. Nil)

43 Disclosure in relation to Section 186 (4) of the Companies Act, 2013

Rs. Nil (Previous year - Rs. Nil)

44 First-time adoption of Ind AS
Transition to Ind AS

"The Company has adopted Ind AS with effect from 1st April 2017 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1st April 2016. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III. "Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions
A.1.1 Deemed cost for PPE and Intangible Assets

"Ind AS 101 'First-time Adoption of Indian Accounting Standards' permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use



LGB FORGE LIMITED

Notes to Financial Statements for the year ended 31st March 2018

that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. "This exemption can also be used for intangible assets covered by Ind AS 38, 'Intangible Assets'. Accordingly, the Company has elected to measure all of its property, plant and equipment & intangible assets at their previous GAAP carrying value."

A.1.2. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts/ arrangements.

A.2 Ind AS mandatory exceptions**A.2.1 Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP

- Investments in equity instruments carried at FVOCI
- Other investments carried at FVTPL or FVOCI; and
- Impairment of financial assets based on expected credit loss model.



LGB FORGE LIMITED

Notes to Financial Statements for the year ended 31st March 2018

Reconciliation on First Time Adoption of IND AS

Reconciliation as on 01.04.2016

Balancesheet as on 01.04.2016

Particulars	Notes	IGAAP	Reclassification as per Ind AS	Remeasurement as per Ind AS	Adjusted Ind AS Numbers
I Assets					
1 Non-current assets					
(a) Property, plant and equipment	2	1,161.11	-	20.10	1,181.21
(b) Capital work-in-progress	4	-	-	-	-
(c) Intangible assets	3	4.33	-	-	4.33
(d) Financial Assets					
i) Loans	5	96.49	(24.28)	-	72.21
(e) Other Non Current Assets	6	-	-	-	-
Total non-current assets		1,261.93	(24.28)	20.10	1,257.75
2 Current Assets					
(a) Inventories	7	1,501.92	-	-	1,501.92
(b) Financial Assets					
i) Trade receivables	8	2,725.91	-	(42.00)	2,683.91
ii) Cash and cash equivalents	9	3.69	-	-	3.69
iii) Loans	11	49.65	(45.99)	-	3.66
iv) Others	12	-	14.39	-	14.39
(c) Current Tax Assets(Net)	13	-	24.28	-	24.28
(d) Other current assets	14	11.65	45.99	-	57.64
Total current assets		4,292.82	38.67	(42.00)	4,289.49
Total Assets		5,554.75	14.39	(21.90)	5,547.24
EQUITY AND LIABILITIES					
1 Equity					
(a) Equity Share capital	15	1,500.02	-	-	1,500.02
(b) Other equity	16	(588.66)	-	(26.56)	(615.22)
		911.36	-	(26.56)	884.80
LIABILITIES					
1 Non-Current Liabilities					
(a) Financial liabilities					
i) Borrowings	17	850.00	-	(11.03)	838.97
(b) Provisions	18	-	-	20.10	20.10
Non-Current Liabilities		850.00	-	9.07	859.07
2 Current liabilities					
(a) Financial liabilities					
i) Borrowings	19	1,285.75	-	-	1,285.75
ii) Trade payables	20	1,835.26	(5.08)	-	1,830.18
iii) Other financial liabilities	21	-	609.92	(6.02)	603.90
(b) Other current liabilities	22	630.88	(573.75)	-	57.13
(c) Provisions	23	41.50	(16.70)	1.61	26.41
Current liabilities		3,793.39	14.39	(4.41)	3,803.37
Total Equity and Liabilities		5,554.75	14.39	(21.90)	5,547.24



LGB FORGE LIMITED

Notes to Financial Statements for the year ended 31st March 2018

Reconciliation on First Time Adoption of IND AS

Reconciliation as on 31.03.2017

Balancesheet as on 31.03.2017

Particulars	Notes	IGAAP	Reclassification as per Ind AS	Remeasurement as per Ind AS	Adjusted Ind AS Numbers
A ASSETS					
1 Non-current assets					
(a) Property, plant and equipment	2	855.63	-	17.86	873.50
(b) Intangible assets	3	2.70	-	-	2.70
(c) Financial Assets					
i) Loans	5	96.25	(24.04)	-	72.21
(d) Other non-current assets	6	-	14.09	-	14.09
Total Non-current assets		954.58	(9.95)	17.86	962.50
2 Current assets					
(a) Inventories	7	1,940.44	-	-	1,940.44
(b) Financial Assets					
i. Trade receivables	8	1,628.71	(28.54)	(42.00)	1,558.16
ii. Cash and cash equivalents	9	2.74	-	-	2.74
iii. Loans	11	95.37	(90.59)	-	4.78
iv. Others	12	-	28.54	-	28.54
(c) Current Tax Assets (Net)	13	-	14.92	-	14.92
(d) Other current assets	14	9.49	95.14	-	104.63
Total current assets		3,676.75	19.47	(42.00)	3,654.21
Total Assets		4,631.33	9.52	(24.14)	4,616.70
B EQUITY AND LIABILITIES					
1 Equity					
(a) Equity share capital	15	1,500.02	-	-	1,500.02
(b) Other Equity	16	(789.19)	-	(35.13)	(824.32)
Total Equity		710.83	-	(35.13)	675.70
2 Liabilities					
Non-Current Liabilities					
(a) Financial Liabilities					
i Borrowings	17	650.00	-	(6.34)	643.66
(b) Provisions	18	-	-	20.10	20.10
Total Non Current Liabilities		650.00	-	13.76	663.76
3 Current liabilities					
(a) Financial Liabilities					
i. Borrowings	19	951.10	-	-	951.10
ii. Trade payables	20	1,590.81	5.75	-	1,596.56
iii. Other Financial liabilities	21	-	653.66	(4.69)	648.97
(b) Other Current liabilities	22	675.48	(649.90)	-	25.58
(c) Provisions	23	53.11	-	1.92	55.03
Total Current Liabilities		3,270.50	9.51	(2.77)	3,277.24
Total Equity and Liabilities		4,631.33	9.51	(24.14)	4,616.70


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018
Reconciliation of profit for the year ended 31.03.2017

Particulars	Notes	IGAAP	Reclassification as per Ind AS	Remeasurement as per Ind AS	Adjusted Ind AS Numbers
I Revenue from Operations	24	8,398.55	901.20	-	9,299.75
II Other Income	25	36.51	-	-	36.51
III Total Income (I+II)		8,435.06	901.20	-	9,336.26
IV EXPENSES					
Cost of materials consumed	26	4,574.55	-	-	4,574.55
Changes in inventories of raw material	27	(447.85)	-	-	(447.85)
Employee benefit expenses	28	1,263.21	-	7.87	1,271.08
Finance costs	29	265.67	21.66	6.02	293.35
Depreciation and amortization expense	30	226.01	-	2.24	228.25
Excise Duty Expenses		-	1,015.04	-	1,015.04
Other expenses	31	3,142.04	(135.50)	-	3,006.54
Total Expenses (IV)		9,023.63	901.20	16.13	9,940.96
V Loss before exceptional items and tax (III-IV)		(588.57)	-	(16.13)	(604.70)
VI Exceptional Items		388.04	-	-	388.04
VII Loss before tax (V+VI)		(200.53)	-	(16.13)	(216.66)
VIII Tax expense:					
(1) Current tax		-	-	-	-
(2) Deferred tax		-	-	-	-
IX Loss for the period (VII-VIII)		(200.53)	-	(16.13)	(216.66)
X Other Comprehensive Income					
(i) Items that will not be reclassified to profit or loss:					
1. Re-measurements of defined benefit plans		-	-	7.56	7.56
XI Total Comprehensive Income for the period (IX+X)		-	-	7.56	(209.10)
XII Earnings per equity share (face value of Rs.1 each)					
(1) Basic		(0.13)			(0.14)
(2) Diluted		(0.13)			(0.14)



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Notes to Financial Statements for the year ended 31st March 2018

Reconciliation of equity	Notes to Reconciliation	As at March 31, 2017
Total equity / shareholders' funds as per Indian GAAP		710.83
Ind AS Adjustments		
Remeasurement of financial instruments	1	11.03
Allowance for expected credit loss	2	(42.00)
Remeasurement of defined benefit plans	3	(1.92)
Remeasurement of depreciation relating to decommissioning liabilities	4	(2.24)
Total equity / shareholders' funds as per Ind AS		675.70
Reconciliation of profits	Notes to Reconciliation	For the year ended March 31, 2017
Total comprehensive income as per Indian GAAP		(200.53)
Ind AS Adjustments		
Remeasurement of financial instruments	1	(6.02)
Remeasurement of defined benefit plans	3	(0.31)
Remeasurement of depreciation relating to decommissioning liabilities	4	(2.24)
Total comprehensive income as per Ind AS		(209.10)

Impact of Ind AS adoption on cash flow statement 31.03.2017

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	270.02	107.69	377.71
Net cash flow from investing activities	479.35	(34.70)	444.65
Net cash flow from financing activities	(750.32)	(72.99)	(823.31)
Net increase/(decrease) in cash and cash equivalents	(0.95)	-	(0.95)
Cash and cash equivalents as at April 1, 2016	3.69		3.69
Cash and cash equivalents as at March 31, 2017	2.74		2.74

Notes to Reconciliation

1. Remeasurement of Financial Instruments

A. Security Deposits

Under previous GAAP, the security deposits were carried at nominal value. Ind AS requires these assets to be measured at fair value and subsequently these assets are measured at amortized cost. At the initial recognition, the company has recognised the difference between deposit fair value and nominal value as prepaid rental expenses and same is being recognised as rental expenses on straight line basis over the lease period. Further, Company recognises notional interest income on these deposit over the lease term.

B. Borrowings

Under the Previous GAAP, the Transaction Costs in respect of Borrowings were charged off to the Statement of Profit and Loss as and when incurred. Under IND AS, these transaction costs incurred are deducted from the carrying amount of the Borrowings on Initial Recognition. These costs are recognised in the statement of Profit and Loss over the tenor of the borrowings as part of Interest Expense by applying the Effective Interest Rate method.

2. Expected credit Losses

IND AS 109 requires a provision to be made for Expected Credit Losses on an unbiased basis, considering the time value of money, and with reasonable and supportable information and forecasts, and the economic



LGB FORGE LIMITED

Notes to Financial Statements for the year ended 31st March 2018

conditions as on the reporting date. The provision shall be reviewed as at each reporting period, with respect to its sufficiency and appropriateness.

3. Other Comprehensive Income

Under IND AS, all items of income and expense recognized in the period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss and "other comprehensive income" includes remeasurements of defined benefit plans and fair value gain or losses on FVTOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

4. Decommissioning Liability

Under Ind AS, any obligation towards decommissioning liability shall be estimated and provided. The Company has certain obligations to restore the leased plant and machinery to its original position, in respect of plant and machinery. The said liability has been estimated as per Ind AS 37 and accounted for in the Ind AS financial statements.

5. Deferred Tax on unused tax losses

As on the date of Ind AS Transition, the company assessed the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised:

- (i) evaluation of the existing level of taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire;
- (ii) assessing the probability of the entity having taxable profits before the unused tax losses or unused tax credits expire;
- (iii) whether the unused tax losses result from identifiable causes which are unlikely to recur; and
- (iv) availability of tax planning opportunities that will create taxable profit in the period in which the unused tax losses or unused tax credits can be utilised.

Considering the fact that 'the taxable profit will be available against which the unused tax losses or unused tax credits can be utilised' is low, deferred tax asset recognised out of unused tax credits as per the previous GAAP has been reversed as on the transition date.

6. Reclassification under Ind AS

Assets and Liabilities have been regrouped/Reclassified wherever required to conform to the requirements of Ind AS

45 Financial Instruments

A. Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long term and short-term borrowings.



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Notes to Financial Statements for the year ended 31st March 2018

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders. Debt includes Long Term Loans and Short Term Loans.

The following table summarizes the capital of the Company:

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Debt	1,660.39	1,801.10	2,285.75
Less: Cash and bank balances	2.46	2.74	3.69
Net debt	1,657.93	1,798.36	2,282.06
Total equity	339.03	675.70	884.80
Gearing Ratio	489.02%	266.15%	257.92%

B. Categories of Financial Instruments

Particulars	Note No.	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets							
a. Measured at amortised cost							
Non-current Loans	5	84.35	84.35	72.21	72.21	72.21	72.21
Trade receivables	8	1,805.61	1,805.61	1,558.16	1,558.16	2,683.91	2,683.91
Cash and cash equivalents	9	2.46	2.46	2.74	2.74	3.69	3.69
Bank balances other than above	10	2.99	2.99	-	-	-	-
Loans	11	4.52	4.52	4.78	4.78	3.66	3.66
Other financial assets	12	22.11	22.11	28.54	28.54	14.39	14.39
b. Measured at fair value through P&L		Nil	Nil	Nil	Nil	Nil	Nil
c. Measured at fair value through OCI		Nil	Nil	Nil	Nil	Nil	Nil
Financial liabilities							
a. Measured at amortised cost							
Long term borrowings	17	617.17	617.17	643.66	643.66	838.97	838.97
Short term borrowings	19	810.39	810.39	951.10	951.10	1,285.75	1,285.75
Trade payables	20	2,005.59	2,005.59	1,596.56	1,596.56	1,830.18	1,830.18
Other financial liabilities	21	748.67	748.67	648.97	648.97	603.90	603.90
b. Measured at fair value through P&L		Nil	Nil	Nil	Nil	Nil	Nil
c. Measured at fair value through OCI		Nil	Nil	Nil	Nil	Nil	Nil

C. Financial risk management objectives

The Company's businesses are subject to several risks and uncertainties including financial risks.

The Company's activities expose it to credit risk, liquidity risk, market risk - interest rate risk and foreign currency risk. The Board of Directors has overall responsibility for the establishment and oversight of the


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis, Credit ratings
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts
Market risk - Interest rate risk	Long-term borrowings at variable rates	Cash flow forecasting, Sensitivity analysis
Foreign Currency risk	Recognised financial assets and liabilities not denominated in functional currency	Cash flow forecasting, Sensitivity analysis

i. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

The company's credit risk generally arises from Cash and cash equivalents, trade receivables, and other financial assets.

Credit Risk Management

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

Assets Group	Description of category	Particulars	Provision for expected credit loss *
Low credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss / life time expected credit loss
Moderate credit risk	Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong	Nil	12 month expected credit loss / life time expected credit loss
High credit risk	Assets where there is a high probability of default.	Nil	12 month expected credit loss / life

*Life time expected credit loss/fully provided for trade receivables


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Notes to Financial Statements for the year ended 31st March 2018

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss.

Classification of Financial assets among risk categories:

Credit rating	Particulars	31.03.2018	31.03.2017	1.04.2016
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	1,922.04	1,666.43	2,777.86
Moderate credit risk	Nil	-	-	-
High credit risk	Nil	-	-	-

The loss allowance for trade receivables using expected credit losses for different ageing periods as at 31 March 2018 are as follows:

Particulars	Not Due	Less than 6 months	More than 6 months	Total
Gross Carrying Amount	1,068.89	779.91	24.88	1,873.67
Loss allowance provision	-	(43.18)	(24.88)	(68.06)
Net	1,068.89	736.73	-	1,805.61

The loss allowance for trade receivables using expected credit losses for different ageing periods as at 31 March 2017 are as follows:

Gross Carrying Amount	1,227.53	194.09	181.67	1,603.29
Loss allowance provision	-	(12.75)	(32.38)	(45.13)
Net	1,227.53	181.34	149.29	1,558.16

The loss allowance for trade receivables using expected credit losses for different ageing periods as at 1 April 2016 are as follows:

Gross Carrying Amount	1,466.23	1,150.43	151.36	2,768.02
Loss allowance provision	-	(42.00)	(42.11)	(84.11)
Net	1,466.23	1,108.43	109.25	2,683.91

Exposure to customers having more than 5% of outstanding in respect of Trade Receivables.

Particulars	31.03.2018	31.03.2017	01.04.2016
Denso India Private Limited Limited	398	-	408.38
Lucas TVS limited	263	230	301.42
L.G.Balakrishnan & Bros Limited	-	214	-
Elgi Equipement limited	-	164	-
Borgwarner Power drive Systems, Inc	252	-	-
Total	913	607	709.8


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Notes to Financial Statements for the year ended 31st March 2018

As per simplified approach, the Company makes provision of expected credit losses on trade receivables based on past experiences to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

ii. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity risk management

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 1 year	1-5 years	More than 5 years	Carrying amount
March 31, 2018				
Financial Liabilities				
Trade payables	2,005.59	-	-	2,005.59
Borrowings	230.00	620.00	-	850.00
	2,235.59	620.00	-	2,855.59
March 31, 2017				
Trade payables	1,596.56	-	-	1,596.56
Borrowings	200.00	650.00	-	850.00
	1,796.56	650.00	-	2,446.56
April 1, 2016				
Trade payables	1,830.18	-	-	1,830.18
Borrowings	200.00	782.95	-	982.95
	2,030.18	782.95	-	2,813.13

iii. Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

Interest Rate risk

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings

Particulars	31.03.2018	31.03.2017	01.04.2016
Floating rate loans	1,660.39	1,760.20	1,883.63
Fixed rate loans		40.90	402.12
Total Borrowings	1,660.39	1,801.10	2,285.75


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018
Interest rate sensitivity analysis

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2018 would decrease / increase by ₹ 2.66 Lakhs (for the year ended 31 March 2017: decrease / increase by ₹ 2.67 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

iv. Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2018 (all amounts are in equivalent INR Lakhs)

Particulars	Liability exposure on the currency	Asset exposure on the currency	Net asset / (Liability) exposure on the currency
USD	0.08	6.80	6.72
SGD	1.39	-	-1.39
In INR	74.07	442.00	367.93

As on March 31, 2017 (all amounts are in equivalent INR Lakhs)

USD	0.71	7.43	6.72
in INR	46.13	481.76	435.63

As on March 31, 2016 (all amounts are in equivalent INR Lakhs)

USD	6.09	9.94	3.85
in INR	403.93	659.32	255.39

Foreign currency sensitivity analysis

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant.

Particulars	Impact on Profit before tax			
	31.03.2018		31.03.2017	
	+0.5%	+0.5%	+0.5%	-0.5%
USD	2.18	-2.18	2.18	-2.18
SGD	-0.35	0.35	0	0

Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The three levels are explained as follows:

Level 1 - inputs are quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date. These quoted prices are unadjusted.


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Level 2 - inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 - inputs are unobservable inputs for the asset or liability.

The table below categorises financial instruments and analyses those measured at fair value by the level into which the fair value measurement is categorised.

Categories of Financial Instruments	Level	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Financial liabilities				
a. Measured at amortised cost				
Long term borrowings	2	617.17	643.66	838.97
Short term borrowings	2	810.39	951.10	1,285.75

46 Related party disclosure
a) Name of related parties and nature of relationship

Holding company	The Company does not have any holding Company
Subsidiaries and Associates	The Company does not have any subsidiaries, associates and joint ventures
Other Related Companies	Enterprises over which the directors are interested L.G. Balakrishnan & Bros Ltd. Super Transports Private Ltd. BCW V Tech India Private Ltd. South Western Engineering India Ltd. BV Medical Foundation L G Farm Products Pvt Limited L G B Auto Products Pvt Limited Silent Chain India Pvt Limited Super Speeds Pvt Limited ELGI Automotive Services Pvt Limited
Key management personnel	Sri .V.Rajvirdhan - Managing Director (from 29.01.2018) Sri. K. Karthik - Executive Director (upto 31.07.2017) Mr.R Ramakrishnan - Chief Financial Officer Mr.R Ponmanikandan - Company Secretary
Relatives of Key management personnel	Sri.B.Vijayakumar Sri. V. Kalyanasundaram Sri. Bharathi Sriram Ms. K. Kritika Kalyan Smt. K. Anuradha Sri. Eshwar K Srivats



LGB FORGE LIMITED

Notes to Financial Statements for the year ended 31st March 2018

b) Transactions during the year

S.No.	Nature of transactions	Name of the payee	Description of Relationship	2017-18	2016-17
1	Managerial Remuneration	K. Karthik R Ramakrishnan R Ponmanikandan	Key Management Personnel Key Management Personnel Key Management Personnel	2.50 7.60 4.92	10.22 7.60 4.63
2	Rent Payment	L. G. Balakrishnan & Bros Limited	Companies in which directors are interested	42.64	41.59
3	DEPB Licence sold	L. G. Balakrishnan & Bros Limited	Companies in which directors are interested	2.70	14.80
4	Purchase of Power, Spares, Processing, Conversion, Service charges payments	L. G. Balakrishnan & Bros Limited Super Transports Private Limited VP Press South Western Engg. India Limited	Companies in which directors are interested	285.84	293.01
5	Sales of Power, Stores, Materials and Service charges	L. G. Balakrishnan & Bros Limited BCW V Tech India Private Limited	Companies in which directors are interested	448.71	473.54
6	Sales of Assets	BV Medical Foundation L. G. Balakrishnan & Bros Limited	Society under common control Companies in which directors are interested	- 0.12	400.00 -
7	Lease Payments	ELGI Automotive Services	Companies in which directors are interested	15.61	-

* Managerial remuneration does not include contribution made by the company towards Gratuity and Leave Encashment as the incremental liability has been accounted by the company as a whole and separate details for individual employee is not available.

c) Balances at the end of the year

S.No.	Particulars	2017-18	2016-17
1	Other Related Companies		
	Amount payable as on 31.03.2018/2017	6.19	3.76
	Amount receivable as on 31.03.2018/2017	22.11	28.54

47 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident fund as well as Employee State Insurance Fund.


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Notes to Financial Statements for the year ended 31st March 2018

The expense recognised during the period towards this defined contribution plan is ₹ 83.64 Lakhs (March 31, 2017 - ₹85.33 Lakhs).

Defined benefit plans
(a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2018	March 31, 2017
Mortality Table	Indian Assured Lives Mortality Ultimate (2006-08)	
Attrition Rate	5.29% p.a.	3.00% p.a.
Discount Rate	7.73% p.a.	7.33% p.a.
Rate of increase in compensation level	13.00% p.a.	8.00% p.a.
Rate of Return on Plan Assets	7.73% p.a.	7.33% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.


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Notes to Financial Statements for the year ended 31st March 2018

Amounts recognised in profit and loss in respect of these defined benefit plans are as follows:

	March 31, 2018 Rs. Lakhs	March 31, 2017 Rs. Lakhs
Current service cost	11.86	9.31
Net interest expense on defined benefit obligations	1.30	1.26
Return on plan assets (excluding amounts included in net interest expense)	-	-
Components of defined benefit costs recognised in profit or loss	13.16	10.57
Remeasurement on the net defined benefit liability comprising:		
Return on plan assets (excluding amounts included in net interest expense)	0.84	-
Actuarial gains/losses arising from Demographic assumption changes	(2.40)	-
Actuarial gains/losses arising from changes in financial assumptions	53.35	7.29
Actuarial gains/losses arising from experience adjustments	(33.07)	(14.86)
Immediate recognition in Profit and Loss	-	-
Components of defined benefit costs recognised in other comprehensive income	18.72	(7.56)
	31.88	3.01

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

Net Asset/Liability recognised in Balance sheet in respect of Defined

	March 31, 2018	March 31, 2017
Benefit plans	110.51	83.26
Present value of defined benefit obligation	(64.94)	(63.25)
Fair value of plan assets	45.57	20.01
Net liability/ (asset) arising from defined benefit obligation	45.57	20.01
Funded	-	-
Unfunded	45.57	20.01

The above provisions are reflected under 'Provision for employee benefits- gratuity' (long-term provisions) [Refer note 16] and 'Provision for employee benefits- gratuity' (short-term provisions) [Refer note 21].

Movements in the present value of the defined benefit obligation in the current year were as follows:

	March 31, 2018	March 31, 2017
Defined benefit obligation as at the beginning of the year	83.26	79.98
Current service cost	11.86	9.31
Interest on Defined benefit Obligation	6.10	1.61
Actuarial (gains)/losses on plan obligation	17.87	(7.57)
Benefits paid	(8.58)	(0.07)
Defined benefit obligation as at the end of the year	110.51	83.26


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Movements in the fair value of the plan assets in the current year were as follows:

	March 31, 2018	March 31, 2017
Fair value of plan assets as at the beginning of the year	63.25	61.90
Interest Income	4.80	0.35
Return on plan assets	-	-
Contributions	6.31	1.07
Benefits paid	(8.58)	(0.07)
Actuarial gains/(loss)	(0.84)	-
Fair value of plan assets as at the end of the year.	64.94	63.25

Sensitivity analysis

Assumptions	Change	Impact on Liability
Discount rate	+100 basic points	97.43
	-100 basic points	126.26
Salary growth	+100 basic points	124.55
	-100 basic points	98.16
Attrition rate	+100 basic points	104.94
	-100 basic points	117.05
Mortality rate	+ 10 percentage	110.37

b) Compensated absences

The leave scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count at the time of separation and paid as

The design entitles the following risk

Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Amounts recognised in Profit and loss in respect of these defined benefit plans are as follows:

	March 31, 2018 Rs. Lakhs	March 31, 2017 Rs. Lakhs
Current service cost	0.21	2.99
Net interest expense	0.73	0.11
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial (gains)/losses recognised during the period	-	-
Actuarial (gains)/losses	(8.61)	0.22
Components of defined benefit costs recognised in profit or loss	(7.67)	3.32
Remeasurement on the net defined benefit liability comprising:		
Return on plan assets (excluding amounts included in net interest expense)	(0.02)	-
Actuarial gains/losses arising from Demographic assumption changes	0.58	1.18
Actuarial gains/losses arising from changes in financial assumptions	(9.16)	(0.96)
Actuarial gains/losses arising from experience adjustments	-	-
Immediate recognition in Profit and Loss	8.61	(0.22)
Components of defined benefit costs recognised in other comprehensive income	-	-
	(7.67)	3.32

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

	March 31, 2018 Rs. Lakhs	March 31, 2017 Rs. Lakhs
Present value of defined benefit obligation	1.81	9.48
Fair value of plan assets	-	-
Net liability/ (asset) arising from defined benefit obligation	1.81	9.48
Funded	-	-
Unfunded	1.81	9.48
	1.81	9.48

The above provisions are reflected under 'Provision for employee benefits- leave encashment' (long-term provisions) [Refer note 16] and 'Provision for employee benefits - leave encashment' (short-term provisions) [Refer note 21].

Movements in the present value of the defined benefit obligation in the current year were as follows:

	March 31, 2018	March 31, 2017
Opening defined benefit obligation	9.48	6.16
Current service cost	0.21	2.99
Interest cost	0.73	0.11
Actuarial (gains)/losses	(8.61)	0.22
Benefits paid	-	-
Closing defined benefit obligation	1.81	9.48


LGB FORGE LIMITED
Notes to Financial Statements for the year ended 31st March 2018

Movements in the fair value of the plan assets in the current year were as follows:	March 31, 2018	March 31, 2017
Opening fair value of plan assets	-	-
Acquisition Adjustment	-	-
Interest Income	-	-
Return on plan assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial gains/(loss)	-	-
Others	-	-
Closing fair value of plan assets	-	-

Sensitivity analysis- Leave salary

Assumptions	Change	Impact on Liability
Discount rate	+100 basic points	1.64
	-100 basic points	2.01
Salary growth	+100 basic points	1.87
	-100 basic points	1.75
Attrition rate	+100 basic points	1.75
	-100 basic points	1.89
Mortality rate	+ 10 percentage	1.81

48 Figures have been rounded off to the nearest Lakh and two decimals thereof.

49 The amounts and disclosures included in the financial statements of the previous year have been reclassified / regrouped wherever necessary to conform to Current years classification.

Significant Accounting Policies

1

Notes on Financial Statements

2-49

The accompanying notes and significant accounting policies form an integral part of financial statements.

"As per our Report of even date"

For Haribhakti & Co. LLP

Chartered Accountants

FRN No.103523W/W100048

KAUSHIK SIDARTHA

Partner

Membership No.217964

Coimbatore

12.05.2018



For and on Behalf of the Board

V. RAJIVRATHAN
Managing Director
DIN : 00156787

P. SHANMUGASUNDARAM
Director
DIN: 00119411

R. RAMAKRISHNAN
Chief Financial Officer

R. PONMANIKANDAN
General Manager Cum
Company Secretary



N.R.Doraiswami & Co

Chartered Accountants

No. 48, "Manchillu",
Race Course
Coimbatore - 641 018.

Phone : 0422 - 2223780 (3 Lines)
Mail Id : admin@srind.in
audit@srind.in

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

To
The Board of Directors
LGB Forge Limited

1. We have reviewed the accompanying statement of unaudited financial results of **LGB FORGE LIMITED** ('the Company'), for the quarter ended June 30, 2018 ('the Statement'), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. This statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("IND AS 34"), prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue report on the statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **N.R.DORAIWAMI & CO.,**
Chartered Accountants
(Firm Regn. No.000771S)


(SUGUNA RAVICHANDRAN)
Partner
(Membership No. 207893)



PLACE : COIMBATORE
DATE : 13.08.2018

LGB FORGE LIMITED					
Regd. Office: 6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore - 641 006.					
Ph.0422 2532325 Fax: 0422 2532333 Email id: info@lgb.co.in Website: www.lgbforge.co.in					
CIN L27310TZ2006PLC012830					
Disclosure under Regulation 33 of the SEBI (LODR) Regulations 2015					
STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30/06/2018					
Prepared in Compliance with Indian Accounting Standards (Ind AS)					
S.NO	PARTICULARS	Rs in Lakhs			
		Quarter ended			Year ended
		30/6/2018 (Unaudited)	30/06/2017 (Unaudited)	31/3/2018 (Audited)	31/3/2018 (Audited)
1	Revenue from operations	2,827.97	2,505.36	2,674.42	10,219.25
2	Other Income	45.31	11.72	22.55	39.70
3	Total Revenue (1+2)	2,873.28	2,517.08	2,696.97	10,258.96
4	Expenses				
a.	Cost of Materials Consumed	1,501.42	1,182.21	1,398.48	4,934.56
b.	Purchase of Stock-in-trade	-	-	-	-
c.	Changes in inventories of finished goods, work-in-progress and stock in trade	(38.55)	(10.40)	108.60	497.31
d.	Excise duty	-	250.00	-	250.00
e.	Employee benefits expenses	432.14	341.04	361.18	1,356.59
f.	Finance Cost	81.28	65.42	110.67	312.62
g.	Depreciation and amortisation expense	61.49	45.41	54.75	201.79
h.	Other expenses	807.12	746.63	711.13	3,024.03
i.	Total Expenses (a) to (h)	2,844.90	2,620.31	2,744.82	10,576.91
5	Profit/(loss) before exceptional items and tax (3-4)	28.38	(103.23)	(47.85)	(317.96)
5(a)	Share of profit/(loss) of an associate	-	-	-	-
6	Exceptional Items [Income/(Expenses)]	-	-	-	-
7	Profit/(Loss) before tax (5+5(a)-6)	28.38	(103.23)	(47.85)	(317.96)
8	Extra Ordinary Items	-	-	-	-
9	Profit/(Loss) before tax	28.38	(103.23)	(47.85)	(317.96)
10	Tax Expenses				
	Regular-Current	-	-	-	-
	-Prior year	-	-	-	-
	Deferred Tax	-	-	-	-
	Total	-	-	-	-
11	Net Profit /(Loss)for the period from continuing operations (9-10)	28.38	(103.23)	(47.85)	(317.96)
12	Other comprehensive Income, net of Income-tax				
(a)	Items that will not be reclassified to Profit or Loss	(8.90)	(1.22)	(7.42)	(18.72)
(b)	Items that will be reclassified to Profit or Loss	-	-	-	-
	Total other comprehensive income, net of Income-tax	(8.90)	(1.22)	(7.42)	(18.72)
13	Total comprehensive Income for the period (11+12)	19.48	(104.45)	(55.26)	(336.67)
14	Paid up equity Share Capital (Face Value Rs.1/-)				
	Earnings per share	1,500.02	1,500.02	1,500.02	1,500.02
	1.Basic	0.02	(0.07)	(0.03)	(0.21)
	(ii)Diluted	0.02	(0.07)	(0.03)	(0.21)



PART -II
A. Particulars of Shareholding

1 Public Shareholding - Number of Shares	53,752,141
- Percentage of shareholding	35.83
2 Promoters and Promoters group share holding	
a) Pledged/encumbered	Nil
b) Non encumbered	96,249,410
Number of shares	96,249,410
Percentage of shares as a % to the total share holding of the promoter and promoter group	100.00
Percentage of shares as a % to the total share capital of the Company	64.17

B. Particulars of Investors Complaints

Pending at the beginning of the quarter	Nil
Received during the quarter	Nil
Disposed off during the quarter	Nil
Remaining unresolved at the end of the quarter	Nil

Notes:

1. The above Results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 14.08.2018
2. The figures for the quarter ended march 31, 2018 are the balancing figures between audited figures in respect of the full previous financial year and the published year-to-date figures upto the third quarter of the relevant financial year. The Financial Results for the quarter ended June 30, 2018 of the company have been subjected to a "Limited Review" by the Statutory Auditors of the Company.
3. The Company has first time adopted Indian Accounting Standard (referred to as 'Ind AS') with effect from 1st April, 2017, having the transition date as 1st April, 2016 and accordingly these financial results along with the comparatives have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
4. Revenue for the quarter upto June 30, 2017 includes Excise duty, while revenues from July 1, 2017 onwards is exclusive of Goods and Service Tax.
5. The Figures for the previous period have been regrouped/rearranged wherever necessary to conform to the current period of presentation.



For LGB FORGE LIMITED

V. RAJYRDHAN
Managing Director
DIN : 00156787

Place: Coimbatore
Date: 14.08.2018

ACCOUNTING RATIOS

Annexure - XXXIV

STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

(Amount in INR Lacs)

Particulars	As at 31st March	
	2018	2017
Net Worth (INR in lacs)	339.03	675.70
Restated Profit After Tax (INR in lacs)	(317.96)	(216.66)
Total number of shares outstanding at the end of the period / year (Nos.)	15,00,01,551	15,00,01,551
Earnings Per Share INR 1/- each		
Basic & Diluted Earnings Per Share (INR)	(0.21)	(0.14)
Return On net Worth (%)	(93.79)	(32.06)
	0.23	0.45
Net Assets Value Per Share of INR 1/- (INR)		
Face Value (INR)	1.00	1.00

Particulars	Formula
1. EPS	Net Profit attributable to equity shareholders Weighted Average number of equity shares outstanding during the period
2. NAV	Net worth excluding revaluation reserve at the end of the period / year Weighted average number of equity shares outstanding during the period
3. RONW (%)	Net profit attributable to Equity shareholders Net worth excluding revaluation reserve at the end of the period / year

For N.R. DORAISWAMI & CO
Chartered Accountants
(Firm Regn. No. 000771S)

(SUGUNA RAVICHANDRAN)
Partner (Membership No. 207893)

CAPITALISATION STATEMENT


N.R.Doraiswami & Co

Chartered Accountants

No. 48, "Manchillu",
Race Course
Coimbatore - 641 018.

Phone : 0422 - 2223780 (3 Lines)
Mail Id : admin@sirinrd.in
audit@sirinrd.in

STATEMENT OF CAPITALISATION

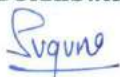
TO WHOMSOEVER IT MAY CONCERN

The capitalisation statement of the Company as at June 30, 2018 is as follows :

(Rs. in lacs)		
Particulars	Pre-Issue as at June 30, 2018	Post-Issue as adjusted for the Issue
Borrowings:		
Short term loans including current maturities of long term loans of Rs.240.00 lacs	2223.87	Refer Note 2 Below
Unsecured loans from promoters and sister concerns	510.00	
Long term loans	560.00	
Total Debt	3293.87	
Shareholders' funds:		
Equity Share Capital	1500.02	
Reserves and Surplus	(1160.99)	
Securities Premium	-	
Total Shareholders' Funds	339.03	
Long Term Debt/Equity	1.65 : 1	

- The figures disclosed above are based on the financial information of the Company.
- The corresponding post Rights Issue capitalisation data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Rights Issue process and hence the same have not been provided in the above statement.

Yours Faithfully,
For **N.R.DORAISWAMI & CO.**



(SUGUNA RAVICHANDRAN)
Chartered Accountant
Partner



Membership No.: 207893
Firm Registration No. with ICAI: 000771S
Peer Review Certificate No.: 003876

Place : Coimbatore
Date : 31.08.2018

MARKET PRICE INFORMATION

Our Company's Equity Shares are listed and actively traded on BSE and NSE from August 01, 2008.

1. Year is a Financial Year;
2. Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
4. In case of two days with the same high / low / closing price, the date with higher volume has been considered.

Stock Market Data of the Equity Shares

The high, low and average closing prices recorded on the NSE and BSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

Year ending March 31	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of low (No. of Equity Shares)	Average price for the year (₹)
NSE							
2018	April 26, 2017	7.60	94025	October 24, 2017	2.90	26445	4.88
2017	October 10, 2016	8.30	195368	May 23, 2016	4.60	118020	6.00
2016	December 24, 2015	9.40	499074	June 03, 2015	4.50	55897	5.91
BSE							
2018	April 26, 2017	7.49	78250	October 24, 2017	2.72	32200	4.74
2017	October 10, 2016	8.30	102710	June 02, 2016	4.55	46982	6.01
2016	December 24, 2015	9.30	249596	June 08, 2015	4.53	3792	5.91

Source: www.nseindia.com, www.bseindia.com.

The high and low prices and volume of Equity Shares traded on the respective dates on the NSE and BSE during the last six months is as follows:

NSE data:

Month	Date of High	High (₹)	Volume (Number of Equity Shares)	Date of Low	Low (₹)	Volume (Number of Equity Shares)	Volume of trade on monthly basis
March 2018	N.A	N.A	N.A	N.A	N.A	N.A	N.A
April 2018	April 19, 2018	4.25	31946	April 11, 2018	3.05	6753	156981
May 2018	May 04, 2018	4.00	10000	May 29, 2018	3.65	29000	39350
June 2018	June 07, 2018	3.50	12	June 19, 2018	3.35	3000	3012
July 2018	July 02, 2018	3.20	100	July 30, 2018	2.05	1953	118761
August 2018	August 31, 2018	4.30	4826	August 01, 2018	2.25	1352	123965

Source: www.nseindia.com

N.A – Not Available

BSE data:

Month	Date of High	High (₹)	Volume (Number of Equity Shares)	Date of Low	Low (₹)	Volume (Number of Equity Shares)	Volume of trade on monthly basis
March 2018	March 19, 2018	3.26	18300	March 05, 2018	3.43	8000	26300
April 2018	April 20, 2018	4.08	5027	April 11, 2018	3.00	27171	94033
May 2018	May 02, 2018	3.68	26000	May 29, 2018	2.58	3500	65924
June 2018	June 04, 2018	2.52	400	June 29, 2018	1.50	5000	49724
July 2018	July 31, 2018	2.66	5260	July 06, 2018	1.50	10482	107976
August 2018	August 31, 2018	4.76	180475	August 01, 2018	2.45	8250	470718

Source: www.bseindia.com

Week end closing prices of the Equity Shares for the last four weeks on NSE and BSE are as below:

Week ended on	Closing Price (₹)	High Price (₹)	Date of High	Low Price (₹)	Date of Low
NSE					
August 31, 2018	4.30	4.30	August 31, 2018	3.80	August 28, 2018
September 7, 2018	4.55	4.60	September 7, 2018	4.10	September 3, 2018
September 14, 2018	5.10	5.15	September 14, 2018	4.35	September 10, 2018
September 21, 2018	Not Traded				
BSE					
August 31, 2018	4.76	4.76	August 31, 2018	3.94	August 27, 2018
September 7, 2018	4.55	4.99	September 03, 2018	4.09	September 06, 2018
September 14, 2018	4.83	4.83	September 14, 2018	4.34	September 12, 2018
September 21, 2018	Not Traded				

Source: www.nseindia.com, www.bseindia.com

The Issue Price of ₹ [●] has been arrived at by our Company in consultation with the Lead Manager.

WORKING RESULTS OF OUR COMPANY

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 and the provisions of the SEBI ICDR Regulations, our working results, for the period from April 1, 2018 to July 31, 2018 are set out in the table below:

Particulars	Amount (₹ In lakhs)
Sales /Income from operations	3,700.28
Other income	45.31
Estimated Gross profit excluding Depreciation & taxes	112.43
Provision for Depreciation	78.45
Provision for Taxation	-
Estimated Net Profit / (loss)	33.98

Material changes and commitments, if any, affecting our financial position

There are no material changes and commitments, which are likely to affect our financial position since March 31, 2018 till date of this Letter of Offer, except that in compliance with the Listing Regulations, we have approved and filed the limited review financial results for the three months period ended June 30, 2018 with the Stock Exchange. For the limited review financial results for the three months period ended June 30, 2018 please see section “Financial Information on page 43.

SECTION 6: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as disclosed below, there are no outstanding litigations against our Company including suits, criminal or civil prosecutions and taxation related proceedings that would have a material adverse effect on the operations, the financial position or the future revenue of our Company. There are no defaults, non-payments of statutory dues, over dues to banks/financial institutions, defaults against Banks / Financial Institutions, default 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 terms of issue / other liabilities, no amounts owned to small scale undertakings exceeding Rs.1,00,000/- (Rupees one lakh only), 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 awarded and irrespective of whether they are specified under paragraph (I) of Part A of schedule V of the Companies Act 2013) other than unclaimed liabilities of our company and no disciplinary action has been taken by SEBI or any stock exchanges against our company our Promoters and Our Directors

Except as disclosed, our Company is not aware of any litigation involving issues of moral turpitude or criminal liability on the part of our Company, material violations of statutory regulations by our Company or proceedings relating to economic offences against our Company, which are currently pending or have arisen in the last ten (10) years.

Our Company from time to time, have been and continues to be involved in legal proceedings, arising in the ordinary course of its businesses. These legal proceedings are in the nature of civil as well as tax proceedings and our Company believes that the number of proceedings in which it is involved is not unusual for a company of its size doing business in India.

I. Proceeding involving our company

a. Proceedings against our company

CASES AT LABOUR COURT AND INDUSTRIAL TRIBUNAL, MYSORE

S.No	Suit No	Forum	Filed By	Particulars	Quantum (₹ in lakhs)	Current Status/Next date of Enquiry
1	ID No/10/2015	Labour Court, Mysore	Jameel Ahmed	Industrial Dispute filed by the confirmed employee against his termination of employment. The Company is contending that the employee has been terminated based on his serious misconduct as assaulting the Plant Manager and created an unpleasant situation and disturbed the industrial harmony of the plant.	7.19	Appeal Pending/ 17.10.18
2	Ref.54/2016	Labour Court, Mysore	Staff Union(CI TU)	Staff Members has been claiming that they have been refusing to the employment. The Company has defended that the staff members not attend the duty by supporting other suspended staff employees from 28.11.2015.	N.A	Pending for final Disposal/NA

3	No. ALCM/SA A/CR-32/2017-18	ALC office, Mysore	R.Manju & Others	Staff member filed the case that he has been paid the subsistence allowance at the rate of 50% only even after 6 months. The Company stating that the petitioner Consisting as Management staff and they should not claim the subsistence Allowance under the subsistence allowance act 1988(Karnataka)	N.A	Cross examination/ 27.09.2018
4	IID23/2017	Labour Court, Mysore	Nagaraju-contract worker	Industrial Dispute Claimed that Illegal retrenchment from Services. The Company has defended it Nagaraju was only a contractor and not an employee	N.A	II Party Evidence/ 26.09.2018
5	Ref.178/2016	Industrial Tribunal, Mysore	Staff Union	Staff union claiming the bonus 20% and Ex Gratia 20% fy 2013-14.The Management defended that the staff union consisting of staff members and they cannot constitute Industrial Dispute. Moreover even the company has been occurring continuous loss the Management has been paid max bonus of 20% and there has no liability to pay ex gratia.	N.A	affidavit filed for cross examination of Management witness-1/ 17.10.2019
6	Ref.165/2016	Industrial Tribunal, Mysore	S.Vijaykumar, Suresh Halagi, Manjappa G	3 Staff Members filed the case that they have been transferred illegally. Management stated that all 3 staff members are working in vendor place only right from their date of joining for assuring quality product to customers. The staff members are management category and they cannot constitute ID.	N.A	affidavit filed for cross examination of Management witness-1/ 17.10.2019
7	Ref.164/2016	Industrial Tribunal	Staff Union	Staff Union claiming VDA, Annual Increase, Uniform, Shoes. The Company contended that Staff members consisting of Management staff and they does not constitute Industrial Dispute.	N.A	Further evidence of 2nd party/ 17.10.2019
8	IID No/31/2016	Labour Court, Mysore	Srinivasa B.T - Contract Worker	ID Claimed that Illegal retrenchment from Services. The Company has defended it Srinivasa was only a contractor and not an employee	N.A	Pending for final Disposal/NA

II. Proceedings Involving our Promoters

- Proceedings against/by our Promoter – Nil
- Notices against/issued by our Promoter – Nil

III. Proceedings involving our Directors

- Proceedings against / by our Directors – Nil
- Notices against/issued by our Directors – Nil

IV. Pending matters which, if they result in an adverse outcome would materially and adversely affect the operations and financial position of the Company.

NIL

V. Matters which are pending or which have arisen in the immediately preceding ten years involving:

- a. Issues of moral turpitude or criminal liability on the part of the issuer -

Nil

- b. Material violations of statutory regulations by the issuer

Nil

- c. Economic offences where proceedings have been initiated against the issuer.

Nil

VI. Outstanding litigations the aggregate amount involved in such individual litigation exceeds one percent of the net worth of the company as per last completed financial year

Nil

VII. Where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in single case individually may not exceed one percent of the net worth of the issuer as per the last completed financial year.

Nil

VIII. Disclosures in respect of any subsidiary companies of the issuer

The Issuer has no subsidiary companies.

GOVERNMENT AND OTHER APPROVALS

Our Company is required to obtain approvals, registrations, permits and licenses under the provisions of various laws and regulations for conducting its business which include license to operate factories, registration under several tax regulations in India, environmental licenses and other approvals. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are required for carrying on its present business activities. Some of the approvals and licenses that our Company requires for its business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

Further, except as mentioned in this section, as on the date of this Draft Letter of Offer, there are no material pending regulatory and government approvals and no pending renewals of licenses or approvals in relation to the activities undertaken by our Company, or in relation to the Issue.

Material approvals for which applications have been made by our Company, but are currently pending grant.

During May 2018, our company has acquired a plant from M/s. Supreme Automech (India) Limited and has made an application for new registration certificate for the said Plant in the name of LGB Forge Limited. The applications are being processed.

Sl. No	Authority	Purpose	Date of filing	Status
1	Director of Industries and commerce	New registration certificate	23.08.2018	Under process
2	Regional PF Commissioner	For change in PF records	07.09.2018	Under process
3	Inspector of factories	Change of name in factory license	08.09.2018	under process
4	Inspector of factories	Change of manager	19.09.2018	Under process
5	Deputy Director Employee State Insurance Corporation	Change in ESI Documents, forms and ESI Portals	07.09.2018	Under process
6	Employee Provident Fund scheme	Return of ownership to be sent regional Commissioner		Under process

Material approvals which have expired and for which renewal applications have been made by our Company.

The Consent under the Water (P&CP) Act, 1974 as amended & Air (P &CP) Act, 1981 from Tamil Nadu State Pollution Control Board for our Koundayampalayam unit has expired on 31.03.2018. The Tamil Nadu Pollution Control Board had requested the company to make an application on line and remit the renewal fee for renewal up to 31.3.2020 vide their letter dated 21.04.2018 and the company remitted the same vide their letter dated 2.7.2018

Material approvals which have expired and for which renewal applications are yet to be made by our Company.

Nil

Material approvals required for which no application has been made by our Company.

Nil

MATERIAL DEVELOPMENT

Except as stated in this Draft Letter of Offer, to our knowledge, no circumstances have arisen since the last balance sheet for period ended on March 31, 2018 which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with:

- a. the resolution passed by our Board of Directors under Section 62 and other provisions of the Companies Act, at its meeting held on April 10, 2018 and by our members in the Annual general Meeting held on August 30, 2018;
- b. In-principle approval from BSE dated [●] and NSE dated [●]; and

The Board of Directors or Committee thereof in their meeting held on [●] have determined the Issue Price as ₹ [●] per Rights Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Prohibition by SEBI or RBI or other governmental authorities

Our Company, the Promoters, the members of the Promoter Group, the Directors, persons in control of our Company and persons in control of the Promoter as well as its directors have not been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which our Promoters, our Directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our Company, our Promoters, relatives of our Promoters, Group Companies nor our Directors are or have been classified as a wilful defaulter by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI. Accordingly, no disclosures have been made pursuant to the requirements of Regulation 4(6) read with Part G of Schedule VIII of the SEBI ICDR Regulations.

None of our Directors are associated with the securities market in any manner.

Except as stated in the section titled “*Our Management*” on page 40 of the Draft Letter of Offer, none of our Directors hold or have held directorships in the last five (5) years in a listed company whose shares have been suspended from trading on the stock exchanges or in a listed company that has been/was delisted from any stock exchange.

Compliance with Regulation 4(2) of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2), to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI ICDR Regulations, our Company undertakes to make an application to BSE and NSE for listing of the Rights Equity Shares to be issued pursuant to this Issue. Our Company has chosen BSE as the Designated Stock Exchange for the Issue.

Eligibility for the Issue

Our Company is eligible to make this Rights Issue in terms of Chapter IV of SEBI ICDR Regulations. Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information with the BSE and NSE in compliance with the Listing Agreement and/or the provisions of the Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Draft Letter of Offer with the Designated Stock Exchange.
2. The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE & NSE.
3. Our Company has an investor grievance handling mechanism which includes meeting of the Stakeholders Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share

transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI ICDR Regulations, disclosures in this Draft Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI ICDR Regulations.

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 THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR 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 THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED, HAS 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 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, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 26, 2018 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION 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 ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, 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 COMPANY, WE CONFIRM THAT:**
 - (a) THE DRAFT LETTER OF OFFER FILED WITH SEBI 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 SEBI, THE GOVERNMENT OF INDIA 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 AND COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID.**

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE. THE ISSUE IS NOT UNDERWRITTEN
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAVE 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 SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE 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.
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 AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. 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 COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY 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 COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED TO THE EXTENT APPLICABLE
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 SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGE MENTIONED IN THE PROSPECTUS / LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED.
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. - COMPLIED WITH

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. - COMPLIED WITH
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 COMPANY; AND
 - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. - NOTED FOR COMPLIANCE
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. - COMPLIED WITH
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, 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. - COMPLIED WITH
16. WE ENCLOSE STATEMENT ON “PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO IS RESPONSIBLE FOR PRICING THIS ISSUE)”, AS PER FORMAT SPECIFIED BY SEBI THROUGH THE CIRCULAR – NOT APPLICABLE.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISED FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, AS PER THE ACCOUNTING STANDARD 18 AND INCLUDED IN THE LETTER OF OFFER
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE) – NOT APPLICABLE

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 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 THE DRAFT LETTER OF OFFER.

Caution**Disclaimer clauses from the Company and the Lead Manager**

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

We and the Lead Manager 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 Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in the Draft Letter of Offer. You must not rely on any unauthorised information or representations.

The Draft Letter of Offer is rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in the Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to us 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 the Issue.

Disclaimer with respect to jurisdiction

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

Designated Stock Exchange

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

Disclaimer Clause of BSE

As required, a copy of the Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchange.

Disclaimer Clause of NSE

As required, a copy of the Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchange.

Filing

The Draft Letter of Offer has been filed with the Corporate Finance Department of the SEBI, located at Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai – 600 002, Tamil Nadu, India for its observations. After SEBI gives its observations, the Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Selling Restrictions

The distribution of the Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform them about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to our Eligible Equity Shareholders and

will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer is filed with SEBI for observations. Accordingly, the rights or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs should not, in connection with the issue of the rights or Rights Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the rights referred to in the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs.

Neither the delivery of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully below, there are certain restrictions regarding the rights and Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Rights Equity Shares by such persons following the offer.

The rights and the Rights Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The rights and the Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of rights or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Eligible Investors

The rights or Rights Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the rights or Equity Shares are deemed to have made the representations set forth immediately below.

Rights Equity Shares and Rights Offered and Sold in this Issue

Each purchaser acquiring the rights or Equity Shares, by acceptance of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs and of the rights or Rights Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAFs and such other information as it deems necessary to make an informed investment decision and that:

- (a) the purchaser is authorised to consummate the purchase of the rights or Rights Equity Shares in compliance with all applicable laws and regulations;
- (b) the purchaser acknowledges that the rights and Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (c) the purchaser is purchasing the rights or Rights Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (d) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Rights Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such rights or Rights Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Rights Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such rights or Rights Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;
- (e) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
- (f) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such rights or Rights Equity Shares, or any economic interest therein, such rights or Rights Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act; and (ii) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until we determine, in its sole discretion, to remove them, and confirms that the proposed transfer of the rights or Rights Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;
- (g) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Rights Equity Shares;
- (h) the purchaser understands that such rights or Rights Equity Shares (to the extent they are in certificated form), unless we determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (i) the purchaser agrees, upon a proposed transfer of the rights or the Rights Equity Shares, to notify any purchaser of such rights or Rights Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the rights or Rights Equity Shares being sold;
- (j) we will not recognise any offer, sale, pledge or other transfer of such rights or Rights Equity Shares made other than in compliance with the above-stated restrictions; and
- (k) the purchaser acknowledges that our Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations

and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Rights Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such rights or Rights Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

- (l) each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) who receives any communication in respect of, or who acquires any rights or Rights Equity Shares under, the offers contemplated in the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAFs will be deemed to have represented, warranted and agreed to and with Lead Manager and our Company that in the case of any rights or Rights Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive;
- (m) the rights or Rights Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Manager has been given to the offer or resale; or
- (n) where rights or Rights Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those rights or Rights Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the rights or Rights Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the rights or Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the rights or Rights Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Listing

The existing Equity Shares are listed on BSE and NSE. We have made an application to BSE and NSE for obtaining in-principle approval in respect of the Rights Equity Shares. We will apply to BSE and NSE for listing and trading of the Rights Equity Shares.

If the permission to deal in and an official quotation of the securities is not granted by the Stock Exchange on the expiry of 15 days from the Issue Closing Date, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

We 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 beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

Consents

Consents in writing of the Directors, the Statutory Auditor, the Lead Manager, the Legal Counsel, the Registrar to the Issue and the Bankers to the Issue* to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Draft Letter of Offer.

**Consent will be obtained before filing of Letter of Offer*

M/s N R Doraiswami & Co, Chartered Accountants, our Statutory Auditor, have given their written consent for inclusion of their name and report appearing in the Draft Letter of Offer and such consent have not been withdrawn up to the date of the Draft Letter of Offer.

Expert

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditor namely, M/s N R Doraiswami & Co, Chartered Accountants to include its name as an expert under Section 2(38) and Section 26 of the Companies Act, 2013 in the Draft Letter of Offer in relation to the report of the Statutory Auditor on Audited Financial Statement dated August 31, 2018. Our Company has also received written consent from, M/s N R Doraiswami & Co, Chartered Accountants, to include its name as an expert under Section 26 of the Companies Act, 2013 in the Draft Letter of Offer in relation to the report on statement of tax benefits dated August 31, 2018 and such consent has not been withdrawn as of the date of the Draft Letter of Offer.

Issue Related Expenses

The Issue related expenses include, *inter alia*, Lead Manager's fee, printing and distribution expenses, advertisement and marketing expenses and Registrar, legal and depository fees and other expenses and are estimated at ₹ [●](approximately [●] % of the total Issue size) and will be met out of the proceeds of the Issue.

(in ₹ lakhs)

No.	Activity Expense	Estimated amount (in ₹ lakhs)*	Percentage of total estimated Issue expenditure (%)*	Percentage of Issue size (%)*
1.	Fees of the Lead Manager, legal advisor, Registrar to the Issue, auditors, including out of pocket expenses	[●]	[●]	[●]
2.	Printing and stationery, distribution, postage, Advertising and marketing expenses etc.	[●]	[●]	[●]
3.	Other expenses (including fees payable to SEBI and Stock Exchange, etc.)	[●]	[●]	[●]
Total estimated Issue expenditure		[●]	[●]	[●]

*Amounts will be finalised at the time of filing the Letter of Offer and determination of Issue Price and other details.

Investor Grievances and Redressal System

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Regulations. Additionally, we have been registered with the SEBI Complaints Redress System ("SCORES") as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by us.

The share transfer and dematerialisation for us is being handled by Cameo Corporate Services Limited, Registrar and Share Transfer Agent, which is also the Registrar to the Issue. Letters are filed category wise after being attended to. All investor grievances received by us have been handled by the Registrar and Share Transfer agent in consultation with the Compliance Officer.

Our Stakeholders Relationship Committee comprises of Mr. P.V. Ramakrishnan, Mr. B. Vijaykumar and Mr. V. Rajvirdhan. Our Stakeholders Relationship Committee oversees the reports received from the Registrar and Share Transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors.

Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Cameo Corporate Services Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondences only.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no. / demat account no., name and address, contact telephone/cell numbers, email id of the first applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/SCSB and the branch where the CAF was deposited, along with a

photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be within 30 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Cameo Corporate Services Limited

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

Tel: +91-44-28460425

Fax: +91-44-28460129

Email: rdr@cameoindia.com

Website: www.cameoindia.com

Contact Person: Mr. R.D Ramaswamy

SEBI Registration Number: INR000003753

Investors may contact the Compliance Officer in case of any pre-Issue/post -Issue related problems such as non-receipt of Allotment advice/share certificates/demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Company Secretary and Compliance Officer

Mr. R Ponmanikandan

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

Tel No: +91 422 2532325

Fax No: +9191 422 2532333

Email: r.ponmanikandan@lgb.co.in

Website: www.lgbforge.co.in

Status of Complaints

- i. Total number of complaints received during Fiscal 2016: NIL
- ii. Total number of complaints received during Fiscal 2017: NIL
- iii. Total number of complaints received during Fiscal 2018: NIL
- iv. Time normally taken for disposal of various types of investor complaints: 15 days
 - (a) Share transfer process: Within 15 days after receiving full set of documents
 - (b) Share transmission process: Within 21 days after receiving full set of documents
 - (c) Other Complaints: Within 15 days from the receipt of the complaint

Status of outstanding investor complaints

As on the date of the DLOF, there were nil outstanding investor complaints.

Changes in Auditor during the last three years

Other than as disclosed below, there has been no change in the statutory auditors in the last 3 years.

Name of the Auditor	Date of Change	Date of Completion of tenure	Reason for change
M/s Haribhakti & Co. Chartered Accountants	June 15, 2018	31.03.2020	Due to change in their Internal Management.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under the section titled “***Terms of the Issue***” on page 123 of the Draft Letter of Offer.

SECTION 7: OFFERING INFORMATION

TERMS OF THE ISSUE

The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, including the CAF, the SAF, the RBI approval the MOA and AOA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI and RBI, or other statutory authorities and bodies from time to time, the Listing Regulations, 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 Rights Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities/centers where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please refer to “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 139.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues / rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

Basis for the Issue

The Rights 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 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, fixed in consultation with the Designated Stock Exchange. The basis of allotment for the Rights Equity Shares shall be 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. [●], you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

Pursuant to a resolution passed by the Board of our Company at its meeting held on [●], has determined a Rights Entitlement of [●] Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date and a price of [●] per Rights Equity Share as the Issue Price.

The distribution of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, CAFs 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. We are 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 Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

Persons who may acquire Rights Entitlements or come into possession of the Letter of Offer or Abridged Letter of Offer or CAF are advised to consult their own legal advisors as to restrictions applicable to them and to observe such restrictions. The Letter of Offer may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been or will be taken that would permit the offering of the Rights Equity Shares or Rights Entitlements pursuant to the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Letter of Offer or CAF in any jurisdiction where action for such purpose is required. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer or CAF may not be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with applicable law and procedures of and in any such jurisdiction. Recipients of the Letter of Offer, the Abridged Letter of Offer or the CAF, including Eligible Equity Shareholders and Renouncees, are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

For Eligible Equity Shareholders wishing to apply through the ASBA process for the Issue, kindly refer section titled “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 139.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE 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 ₹ [●] per Equity Share for cash (including a premium of ₹ [●] per Rights Equity Share). The Issue Price has been arrived at by us in consultation with the Lead Manager.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of [●] of every Rights Equity Shares for every [●] paid-up Equity Shares held on the Record Date i.e., [●].

Terms of Payment

The full amount of Issue Price 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 promoter’s entitlement in the rights issue.

Ranking of the Equity Shares

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

Mode of payment of dividend

In the event of declaration of dividends, we shall pay dividends to Equity Shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

Listing and trading of Equity Shares proposed to be issued

Our existing equity shares are currently listed and traded on BSE (Scrip Code: 533007) & NSE (Symbol: LGBFORGE) under the ISIN INE201J01017. The Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchanges. Upon receipt of such listing and trading approval, the Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of our Company and be available for trading.

The listing and trading of the Rights 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 Rights Equity Shares shall be traded on Stock Exchange in the demat segment only.

We have made an application for “in-principle” approval for listing of the Rights Equity Shares to the BSE and NSE and have received such approval from the BSE dated [●] and NSE dated [●]. We will apply to the BSE & NSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or that the price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchange. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be allotted pursuant to the Issue shall be taken in accordance with law. The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE & NSE under the existing ISIN for Equity Shares.

If the permission to deal in and an official quotation of the securities is not granted by the Stock Exchange on the expiry of 15 days from the Issue Closing Date, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

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 has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Issue. Our Company will issue certificates of denomination equal to the number of Rights Equity Shares being allotted to the Equity Shareholder.

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 Equity Shares of our Company are tradable only in dematerialised form. The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds Equity Shares in physical form, we would issue to the allottees one certificate for the Equity Shares allotted to each folio (“**Consolidated Certificate**”) and in case an Equity Shareholder seeks allotment in demat form (whether existing equity shares being held in demat or physical form) and provides all relevant and correct details, we would allot him in demat form. In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholders, split such Consolidated Certificates into smaller denominations within one week’s time from the receipt of the request in respect thereof, subject to a maximum of five denominations. We shall not charge a fee for splitting any of the Consolidated 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 holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the Application Form would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares. In case such Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

Nomination

In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, 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.

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 our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 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, our 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 90 days, our 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 (1) nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with our 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.

Offer to Non-Resident Eligible Equity Shareholders/Investors

Applications received from NRs for Equity Shares under the Issue shall be, *inter alia*, subject to the conditions laid down in the RBI approval and the conditions imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/allotment advice/share certificates, payment of interest and dividends. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

Our Board of Directors may, at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Issue. The Equity Shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.

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 where our registered office is located, in our case being, Marathi daily and/or, will be sent by ordinary post/registered post/speed post the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders, from time to time. However, the distribution of the Letter of Offer/Abridged Letter of Offer/CAF 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.

Intention and extent of participation by our Promoters and Promoter Group in the Issue

Our Promoter and entities forming part of our Promoter Group have, *vide* their letters dated September 26, 2018 (the "**Subscription Letters**") undertaken to: (a) subscribe, jointly and/or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Procedure for Application

The CAF for the Rights Equity Shares offered as part of the Issue would be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three (3) days before the Issue Opening Date. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrar 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.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. Equity Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Equity Shareholders violates any of these requirements, they shall face the risk of rejection of both applications.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non-Institutional Investors must mandatorily make use of ASBA facility.

All QIB applicants, Non-Institutional Investors and other Applicants whose Application Amount exceeds ₹ 2 lakhs can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 2 lakhs can participate in the Issue either through the ASBA process or the non ASBA process.

Please also note that by virtue of circular no. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.

The CAF consists of four parts:

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;

- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by renouncee(s);
- Part D: Form for request for Split Application Forms.

Option available to the Equity Shareholders

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

An Eligible Equity Shareholder can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part (without renouncing the other part);
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares (by requesting for split forms);
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

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 without renouncing the balance, by filling Part A of the CAFs and submit the same along with the application money payable to the Banker(s) to the Issue or any of the collection branches 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 our Board of Directors 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 Mumbai, demand draft payable at Mumbai to the Registrar to the Issue by registered post/speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. 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 page 133 and 133, respectively.

Additional Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights 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 “*Terms of the Issue-Basis of Allotment*” on page 147.

Further, under the Foreign Exchange Regulations currently in force in India, transfers of shares between non-residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required.

Due to the aforementioned factors FPIs, FVCIs, multilateral and bilateral institutes intending to apply for additional Rights Equity Shares or intending to apply for Rights Equity Shares renounced in their favour shall be required to obtain prior approval from the appropriate regulatory authority.

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. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Where the number of additional Rights 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 any Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders), (ii) partnership firm(s) or their nominee(s), (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors), (iv) HUF (however, you may renounce your

Rights Entitlements to the Karta of an HUF acting in his capacity of Karta), or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorised under its constitutions 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 or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation (i) from a resident shareholder to a non-resident, or (ii) from a non-resident shareholder to a resident, or (iii) from a non-resident Eligible Equity Shareholder to a non-resident is subject to the renouncer/renounee obtaining the necessary approvals, including from the RBI, and such approvals should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognised 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.

Application(s) received from Non-Resident/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 Non-Resident 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, without which the CAF shall be rejected on technical grounds. For further details please refer to “*Grounds for Technical Rejection for ASBA Investors*” and “*Grounds for Technical Rejection for non-ASBA Investors*” on page [●] and page [●], respectively.

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 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 Equity Shares in Part ‘C’ of the CAF to receive Allotment of such Equity Shares. The Renounees applying for all the Equity Shares renounced in their favour may also apply for additional 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 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 this part 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 SAFs. 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.

If 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/DP, the application is liable to be rejected.

Renouncee(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 Banker to the Issue on or before the Issue Closing Date along with the application money in full. The Renouncee 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 (including you), 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.

However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through the non- ASBA process only to be considered valid for allotment. Please also see section titled “*Terms of the Issue*” on page 123.

APPLICATIONS FOR NON-ASBA INVESTORS

Eligible Equity Shareholders who are eligible to apply under the Non – ASBA process

The option of applying for Equity Shares through non – ASBA process is available only to Eligible Equity Shareholders whose application amount does not exceed ₹ 2 lakhs as well as Renouncees. All Applicants who are QIBs and Non – Institutional Investors can apply in the Issue only through the ASBA process.

Instructions for Options for Non-ASBA Investors

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

No.	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 in the same sequence</i>)
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (<i>All joint holders must sign in the same sequence</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 Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (<i>all joint holders must sign in the same sequence</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 Rights 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 Renouncees should fill in and sign Part C for the Equity Shares accepted by them.

No.	Option Available	Action Required
4.	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B (<i>all joint holders must sign in the same sequence</i>) indicating the number of Rights 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 in the same sequence</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.

In case of Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Options 3, 4 and 5 will not be available for Equity Shareholders applying through ASBA process.
- 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 SAF should be made for a minimum of one Rights Equity Share or, in either case, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before last date for receiving request for SAF(s).
- 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 restricted jurisdictions including the United States or to or for the account or benefit of a "U.S. Person" (as defined in Regulation S of the U.S Securities Act, 1933), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the 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 us of the person(s) applying for the Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI 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 Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque/demand draft.

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 utilise 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.

Our Company or the Registrar to the Issue or the Lead Manager, shall not be responsible for postal delays or loss of duplicate CAFs in transit, if any.

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, net of bank and postal

charges payable at [●] which should be drawn in favour of the “[●]” in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of the “[●]” in case of the non-resident shareholders applying on repatriable basis and send the same by registered/speed 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 “[●]” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “[●]” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the Investors 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 Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Rights Equity Share;
- Particulars of cheque/demand draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- 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. Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form (Rights Equity Shares will be allotted in physical form only if the Equity Shares held on the Record Date i.e. [●] are in the physical form);
- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories' records
- In case of Non-Resident Equity Shareholders, NRE/FCNR/NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/FCNR/NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/NRO A/c; and
- Additionally, all such applicants are deemed to have accepted the following:
“I/We understand that neither the Rights Entitlement nor the Rights 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”) or to, or for the account or benefit of a “U.S. Person” as defined in Regulation S under the US Securities Act (“Regulation S”). I/we understand the Rights 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 Rights 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 “U.S. Person” (as defined in Regulation S) 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 Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised 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 Rights 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 Rights Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" as defined in Regulation S, and (iii) 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 utilise 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. We shall refund such application amount to the Investor without any interest thereon and no liability shall arise on part of our Company, Lead Manager and its Directors.

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

The plain paper application format will be available on the website of the Registrar to the Issue at www.cameoindia.com.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. The Board of Directors may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

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 or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board or any committee thereof shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided in the section "**Terms of Issue**" on page 123.

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 "[●]".

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 Banker to the Issue, crossed 'A/c Payee only' and marked "[●]" 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.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar. Applicants are requested to strictly adhere to these instructions.

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 Rights 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 No: +91-44-28460425

Fax No: +91-44-28460129

Email: rdr@cameoindia.com

Website: www.cameoindia.com

Contact Person: Mr. R. D Ramaswamy

SEBI Registration No: INR000003753

Note: The Letter of Offer / Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- All non-resident Investors should draw the cheques/demand drafts in favour of “[●]” in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of “[●]” in case of the non-resident shareholders applying on repatriable basis, crossed “A/c Payee only” for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue.
- Non-resident Investors applying from 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 drawn in favour of Banker to the Issue, crossed “A/c Payee only” and marked as “[●]” 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.
- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- 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);
- By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in India;
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai;
- Non-resident Investors applying with repatriation benefits should draw cheques/drafts in favour of and marked “[●]” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges;
- FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- Investors may note that where payment is made by drafts purchased from NRE/FCNR 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 account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected;
- In the case of NRI Investors who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor’s bankers;
- Payments through NRO accounts will not be permitted; or
- Investors may note that where payment is made by drafts purchased from NRE/FCNR 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 account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

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.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of “[●]” 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. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected.

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 Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights 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.

General instructions for non-ASBA Investors

- Please read the instructions printed on the enclosed CAF carefully.
- Applicants that are not QIBs or are not Non - Institutional Investor or those whose application money does not exceed ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- Application should be made on the printed CAF, provided by our Company except as mentioned under the head “**Application on Plain Paper – non ASBA**” on page 161 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 Draft Letter of Offer, Letter of Offer or Abridged 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 Banker to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker 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 Rights Equity Shares are liable to be rejected.

- f. 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 IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- g. Investors, holding equity shares in physical form, 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.
- h. 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.
- i. 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.
- j. 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 Banker to the Issue.
- k. 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 Renouncees, 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.
- l. Application(s) received from NRs/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 Rights Equity Shares, subsequent issue and Allotment of Rights 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 Rights Equity Shares may be restricted by applicable securities laws.
- m. All communication in connection with application for the Rights 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 dematerialised form.
- n. SAFs cannot be re-split.
- o. Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- p. Investors must write their CAF number at the back of the cheque/demand draft.
- q. 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.

- r. 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.
- s. No receipt will be issued for application money received. The Banker 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.
- t. 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 disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

Do's for non-ASBA Investors:

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- 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;
- 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 dematerialised form only;
- 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;
- Ensure that the CAFs are submitted at the collection centres of the Banker to the Issue only on prescribed forms;
- 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;
- Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the IT 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;
- 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; and
- Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors

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

Grounds for Technical Rejection 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 dematerialised holdings) or with the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renouncees);
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialised form);
- 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 renouncee(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 authorised 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 Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application;
- QIBs and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold equity shares in dematerialised form, applying through the non-ASBA process; and

- Equity Shareholders not being individuals or HUFs applying for Equity Shares in this Issue for a value not exceeding ₹ 2,00,000, who hold equity shares in dematerialised form, applying through the non-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.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.

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

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we 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. Investors 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.

The Lead Manager, we, our 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.

Please note in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are (i) QIBs, (ii) Non-Institutional Investors or (iii) other applicants whose application amount exceeds ₹ 2 lakhs 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. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 2 lakhs can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self-Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on www.sebi.gov.in and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange from time to time. 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 (Equity Shareholder) 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. The option of applying for Rights Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

All QIBs and Non-Institutional Investors and investors making an application for a value of more than ₹ 2,00,000 and 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. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process.

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders 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.

Eligible 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 Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI circular dated December 30, 2009.

Acceptance of the Issue

You may accept the Issue and apply for the Rights 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 authorising 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 with the SCSB mentioned by the Equity Shareholder 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 40(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar 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 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 Equity Shareholder 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 ASBA Investors applying under the ASBA Process

The summary of options available to the ASBA Investors 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
Accept whole or part of your Rights Entitlement	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>)
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>)

The ASBA Investors applying under the ASBA Process will need to select the ASBA option process 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 CAFs would be treated as if the Equity Shareholder have selected to apply through the ASBA process option.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can

participate in this Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights 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 147.

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

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees nor can renounce their Rights Entitlement.

Application on Plain Paper - ASBA

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 Equity Shareholder shall submit the plain paper application to the Designated Branch of 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. Applications on plain paper from any address outside India will not be accepted.

The envelope should be superscribed “[●]” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “[●]” in case of non-resident shareholders applying on repatriable basis and should be postmarked in India. 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 Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be blocked at the rate of ₹ [●] per Rights Equity Share;
- 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;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- Additionally, all such applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Rights 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”) or to or for the account or benefit of a “U.S. Person” as defined in Regulation S under the US Securities Act (“Regulation S”). I/we understand the Rights 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 Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement in the United States. 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 a "U.S. Person" (as defined in Regulation S,) 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 Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised 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 Rights 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 Rights Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" as defined in Regulation S, and (iii) 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."

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

The plain paper application format will be available on the website of the Registrar to the Issue at www.cameoindia.com.

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 utilise 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. We shall refund such application amount to the Investor without any interest thereon.

Option to receive Equity Shares in Dematerialised Form

EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED 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 to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in this Issue, along with:

- The number of Rights Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the 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 only 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. The CAF must be filled in English.
- c. ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorising the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- d. The CAF/plain paper application 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 Banker 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.
- e. 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 credit” and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.
- f. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment 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.
- g. 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/or Depositories.
- 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. 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.
- i. 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.
- j. Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws and not Renouncees(s) are eligible to participate.
- k. ASBA Investors who intend to subscribe the Equity Shares of our Company under this Issue shall be eligible to participate under the ASBA Process.
- l. All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities/centres where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.
- m. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “**Application on Plain Paper - ASBA**” on page 131.
- n. In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

- o. 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 the Issue for Equity Shares for an amount exceeding ₹ 2 lakhs shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Do's:

- Ensure that the ASBA Process option is selected in the CAF and necessary details are filled in.
- Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialised form only.
- 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;
- Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- 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.
- 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.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- 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.
- 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.
- Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order or by postal order.
- 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.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has been used for five applicants.

- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection for ASBA Investors

- In addition to the grounds listed under “*Grounds for Technical Rejection for non-ASBA Investors*” on page 138, applications under the ASBA Process are liable to be rejected on the following grounds:
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialised form).
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- 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.
- Renouncee applying under the ASBA Process.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.
- 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 authorised to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Submission of more than five CAFs per ASBA Account.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR instead of the PAN.
- An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor and is not a renouncer or a Renouncee not applying through the ASBA process applying through the ASBA process.
- Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

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

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. 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 unblock 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 or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account 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 ASBA Accounts.

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

Issue Opening Date	[●]
Last date for receiving requests for Split Application Forms	[●]
Issue Closing Date	[●]
Finalisation of basis of allotment with the Designated Stock Exchange	On or about [●]
Date of Allotment	On or about [●]
Initiation of Refunds	On or about [●]
Credit of Rights Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of Rights Equity Shares on the Stock Exchange	On or about [●]

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs or on before the Issue Closing Date.

The Board of Directors or a duly authorised committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in the Draft Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Rights 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 Rights Equity Shares renounced in their favour, in full or in part.
- b. Allotment to the Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The Allotment of such additional Rights 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 Rights Equity Shares will be at the sole discretion of the Board or any committee thereof in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- c. 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.
- d. Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour and have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board or any committee thereof in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.
- e. 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, and the decision of the Board in this regard will be final and binding.
- f. 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'.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Underwriting

The Issue is not underwritten.

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 Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

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 or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement ("RTGS").

In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, advice regarding their credit of the Rights 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 and are entitled to receive their Rights Entitlement in physical form, our Company will issue share certificates under Section 56 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.

The letter of allotment / refund order would be sent by registered post/speed post to the sole/first Investors 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) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- 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.
- 3) **Direct Credit** – Investors having bank accounts with the Banker 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 lakhs, 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 ECS 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.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian Rupees based on the U.S. dollars equivalent which ought to be refunded. Indian Rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

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. We 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. In case our Company issues Allotment advice, the relative share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

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

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Option to receive Equity Shares in Dematerialised Form

Investors shall be allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL on April 11, 2008 and with CDSL on March 07, 2008 which enables the Investors to hold and trade Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. The ISIN number of the Equity Shares is INE201J01017.

In this Issue, the allottees who have opted for Equity Shares in dematerialised form will receive their Rights 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 dematerialised form should be made.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of the Rights 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 dematerialised 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 dematerialised form even if the original Equity Shares are not dematerialised. 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 our records.
- 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, then such shares will be credited to a demat suspense a/c which shall be opened by our Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
- The Rights Equity Shares allotted to applicants opting for issue in dematerialised 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 him the confirmation of the credit of such Rights Equity Shares to the applicant's depository account. It may be noted that Rights Equity Shares in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Rights Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Investment by FPIs, FIIs and QFIs

On January 7, 2014, the SEBI (Foreign Portfolio Investors) Regulations, 2014 ("**SEBI FPI Regulations**") were notified by SEBI pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'.

Under the SEBI FPI Regulations, purchase of equity shares by an FPI or an investor group should be below 10% of the total issued capital of an Indian company.

However, portfolio investments by FIIs are also governed by RBI under FEMA and RBI has not yet notified the corresponding amendments to regulations under FEMA. Under the FEMA regulations, no single FPI can hold more than 10% of the paid up capital of an Indian company and the total equity share holding of all FPIs put together in a company is subject to a cap of 24% of the paid up capital of the company. The aggregate limit of 24% can be increased up to the applicable sectoral cap by passing a resolution by the board of the directors followed by passing a special resolution to that effect by the shareholders of the company. Our Company has not passed any resolution for increasing the limit and accordingly, no single FPI can hold more than 10% of the paid up capital of our Company and the total equity share holding held by all FPIs in our Company cannot exceed 24%.

Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms.

Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category III FPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs.

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.

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.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who—

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six (6) months extending up to ten (10) years (provided that where the fraud involves public interest, such term shall not be less than three (3) years) and fine of an amount not less than the amount involved in the fraud, extending up to three (3) times of such amount.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Banker 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 Rights Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- a. All the monies received out of the Issue shall be transferred to a separate bank account.
- b. Details of the all monies utilised out of the Issue, referred to in sub-item (a), 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.
- c. Details of all unutilised monies out of the Issue, if any, referred to in sub-item (a), shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

- d. Our Company shall utilise the funds collected in this Issue only after the approval of the Basis of Allotment by the Stock Exchange and the listing and trading approvals are received for the Rights Equity Shares.

Undertakings by our Company

Our Company undertakes the following:

- a. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- b. All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are to be listed will be taken within seven working days of finalisation of basis of allotment.
- c. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Draft Letter of Offer shall be made available to the Registrar to the Issue by our Company.
- d. 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.
- e. 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.
- f. The certificates of the securities/refund orders to the non-resident Indians shall be dispatched within the specified time.
- g. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through this Draft Letter of Offer Issue are listed or till the application monies are refunded on account of non-listing, under-subscription etc.
- h. At any given time, there shall be only one denomination of Equity Shares of our Company.
- i. 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 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

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 superscribed “[●]-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 No: +91-44-28460425

Fax No: +91-44-28460129

Email: rdr@cameoindia.com

Website: www.cameoindia.com

Contact Person: Mr. R. D Ramaswamy

SEBI Registration No: INR000003753

It is to be specifically noted that the Issue of Rights Equity Shares is subject to the risk factors mentioned in section titled “***Risk Factors***” on page 11.

The Issue will remain open for minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION 8: OTHER INFORMATION

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 this Letter of Offer until the closure of the subscription list.

(A) MATERIAL CONTRACTS

1. Issue Agreement dated September 22, 2018 between our Company and Keynote Corporate Services Limited, Lead Manager to the Issue;
2. Issue Agreement dated September 25, 2018 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 March 07, 2008 between our Company, Central Depository Services (India) Limited (CDSL) and Cameo Corporate Services Limited;
5. Banker to the Issue Agreement dated [●] between our Company, [●] 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 07, 2006 and June 21, 2006 respectively;
3. Resolution of the Board of Directors under section 62 of Companies Act, 2013 passed in its meeting dated April 10, 2018 and Resolution of the members of the Company passed in the Annual General meeting dated August 30, 2018 authorizing the Issue;
4. 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;
5. Annual reports of our Company for the financial year ended March 31, 2018 and the limited review report for the three months period ended June 30, 2018;
6. A Statement of tax benefits dated August 31, 2018 received from M/s. N R Doraiswami & Co., Chartered Accountants, Statutory Auditors regarding tax benefits available to our Company and its shareholders;
7. Certificate dated August 31, 2018 from M/s. N R Doraiswami & Co., Chartered Accountants, Statutory Auditors regarding "Sources & deployment of funds";
8. Resolution of our Rights Issue Committee dated September 26, 2018 approving this Draft Letter of Offer
9. Letter of Offer dated March 15, 2012 in regard to the previous Rights Issue by the Company;
10. Due Diligence Certificate dated September 26, 2018 by Keynote Corporate Services Ltd., Lead Manager to the Issue;
11. In-principle listing approval(s) dated [●] and [●] from BSE & NSE respectively;
12. Observation letter dated [●] received from SEBI.

Any of the contracts or documents mentioned in the Draft 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 Offer Document contravenes any of the provisions of the Companies Act, the SEBI Act and the rules made thereunder or regulations issued thereunder as the case may be. 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 Offer Document is true and correct.

Name	Signature
B. Vijayakumar	
<i>Chairman</i>	
Vijayakumar Rajvirdhan	
<i>Managing Director</i>	
K.N.V. Ramani	
<i>Non-Executive Independent Director</i>	
P. Shanmugasundaram	
<i>Non-Executive Independent Director</i>	
Aishwarya Rao	
<i>Non-Executive Independent Director</i>	
P.V. Ramakrishnan	
<i>Non-Executive Independent Director</i>	

Place: Coimbatore

Date: September 26, 2018

Signed by:

R Ramakrishnan
Chief Financial Officer