

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer ("LOF") is sent to you as a shareholder(s) of **LLOYDS STEEL INDUSTRIES LIMITED**. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager / Registrar to the Offer. In case you have recently sold your equity shares in the company, please handover this LOF and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the member of the stock exchange through whom said sale was effected.

OPEN OFFER ("OFFER")

By

Ultimate Logistics Solutions Private Limited ("ULSPL" or "Acquirer 1") having its registered office at 530, Nav Vyapar Bhavan, 49, P. D'Mello Road, Mumbai 400009. Tel: +91-22-66361316; Fax: +91-22-66361317;

And

Metallurgical Engineering and Equipments Limited ("MEEL" or "Acquirer 2") having its registered office at 530, Nav Vyapar Bhavan, 49, P. D'Mello Road, Mumbai 400009; Tel: +91-22-66361316; Fax: +91-22-66361317;
(Acquirer 1 and Acquirer 2 are hereinafter collectively referred to as "Acquirers")

alongwith the person acting in concert

Ushdev International Limited ("Ushdev" or "PAC") having its registered office at 6th Floor, New Harileela House, Mint Road, Fort, Mumbai 400001. Tel: +91-22-22672450; Fax: +91-22-22671931

to acquire upto 27,15,74,809 fully paid-up Equity Shares of ₹10/- each, representing 26% of the Emerging Voting Capital (as defined under "Abbreviations and Definitions" below)

from the Equity Shareholders of

LLOYDS STEEL INDUSTRIES LIMITED ("LSIL" or the "Target Company") having its registered office at Trade World, "C" Wing, 16th Floor, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013; Tel No: +91-22-30418111, Fax No: +91-22-30418260

at a price of ₹11.65 per Equity Share ("the Offer Price") payable in cash

pursuant to regulation 3(1) and 4 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments there to ("SEBI (SAST) Regulations, 2011")

Note:

- This Offer is not conditional upon any minimum level of acceptance in terms of regulation 19(1) of the SEBI (SAST) Regulations, 2011.
- The Offer is subject to certain statutory, regulatory and other approvals described in para 6.3 of this LOF.
- If there is any upward revision in the Offer Price or the number of Equity Shares sought to be acquired under the Offer by the Acquirers and PAC, upto three Working Days prior to the commencement of the tendering period, i.e. up to October 18, 2012, the same would be informed by way of public announcement / corrigendum in the same newspapers where the original Detailed Public Statement has appeared. Such revision in the Offer Price would be payable for all the Equity Shares validly tendered anytime during the Tendering Period.
- The Offer is not a competing offer in terms of regulation 20 of the SEBI (SAST) Regulations, 2011.
- If there are competing offers: The public offers under all the subsisting bids shall open and close on the same date. As per the information available with the Acquirers / Target Company, no competitive bid has been announced as of the date of this LOF.**
- A copy of Public Announcement, Detailed Public Statement and Letter of Offer (including Form of Acceptance cum Acknowledgement) are / will be available on Securities Exchange Board of India ("SEBI") website: www.sebi.gov.in.
- In the event of withdrawal of the Offer, the Acquirers and PAC shall make an announcement within two Working Days in the same newspapers where the original Detailed Public Statement has appeared, providing the grounds and reasons for withdrawal of the Offer.
- Eligible Shareholders should note that Equity Shares once tendered through Form of Acceptance cum Acknowledgement in the Offer, such Shareholders will not be entitled to withdraw such acceptances during the Tendering Period, even if the acceptance of Equity Shares under the Offer and dispatch of consideration gets delayed.**

MANAGER TO THE OFFER

C/NTRUM

Centrum Capital Limited

Centrum House, CST Road, Vidyanaigari Marg, Kalina, Santacruz (E), Mumbai - 400 098
Tel: +91-22-4215 9000, Fax: +91-22-4215 9707
Email: lsil.openoffer@centrum.co.in
Contact Person: Ms. Amandeep Sidhu
SEBI Registration No. INM 000010445

REGISTRAR TO THE OFFER



Bigshare Services Private Limited

E-2 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072
Tel: +91 224043 0200, Fax: +91 22 2847 5207
E-mail: openoffer@bigshareonline.com
Contact Person: Mr. Malla S
SEBI Registration No.: INR000001385

OFFER/TENDERING PERIOD

Opens on : October 23, 2012

Closes on : November 7, 2012

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

Nature of Activity	Original Dates	Revised Dates
Date of the Public Announcement	Saturday, July 14, 2012	Saturday, July 14, 2012
Date of publication of the Detailed Public Statement	Friday, July 20, 2012	Friday, July 20, 2012
Last date for a Competing Offer	Friday, August 10, 2012	Friday, August 10, 2012
Identified Date*	Thursday, August 23, 2012	Tuesday, October 9, 2012
Date by which Letter of Offer will be dispatched to the Shareholders	Thursday, August 30, 2012	Tuesday, October 16, 2012
Last date by which an independent committee of the Board of Target Company shall give its recommendation	Monday, September 3, 2012	Friday, October 19, 2012
Date of publication of Offer Opening Public Announcement	Tuesday, September 4, 2012	Monday, October 22, 2012
Date of commencement of tendering period (Offer Opening Date)	Thursday, September 6, 2012	Tuesday, October 23, 2012
Date of expiry of tendering period (Offer Closing Date)	Thursday, September 20, 2012	Wednesday, November 7, 2012
Date by which all requirements including payment of consideration would be completed	Friday, October 05, 2012	Friday, November 23, 2012

*Identified Date is only for the purpose of determining the names of the Shareholders as on such date to whom the Letter of Offer would be sent. All the owners (registered or unregistered) of Equity Shares (except the Acquirers, PAC and Existing Promoters), any time before Offer Closing Date, are eligible to participate in the Offer.

RISK FACTORS

Risk factors: a) relating to the Offer, b) in association with the Acquirers/PAC and c) relating to the transaction:

A. RELATING TO THE OFFER

1. The Offer involves an offer to acquire upto 26% of the Emerging Voting Capital of LSIL from the Eligible Shareholders. In the case of over subscription in the Offer, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Equity Shares tendered by the Shareholders in the Offer will be accepted.
2. The Offer is subject to the receipt of certain statutory, regulatory and other approvals / no objections described in detail in para 6.3 of this LOF. In the event that (a) any statutory, regulatory or other approvals are not received in a timely manner, (b) there is any litigation leading to a stay/injunction of the Offer or that restricts/restrains the Acquirers/PAC from performing its obligations hereunder, or (c) SEBI instructing the Acquirers not to proceed with the Offer then the Offer process maybe delayed beyond the schedule of activities indicated in this LOF. Consequently, the payment of consideration to the Shareholders of LSIL whose Equity Share(s) have been accepted in the Offer as well as the return of Equity Share(s) not accepted by the Acquirers may be delayed. In case of the delay, due to non-receipt of statutory approvals, as per regulation 18(11) of the SEBI (SAST) Regulations, 2011, SEBI may, if satisfied that the non-receipt of approvals was not due to willful default or negligence or failure to diligently pursue such approvals on the part of the Acquirers/PAC, grant an extension for the purpose of completion of the Offer subject to the Acquirers/PAC paying interest to the Shareholders, as may be specified by SEBI.

Further pursuant to the IA, there are certain conditions stated in clause 3 of the IA to be met before the completion of the Transaction. Please refer to para 6.3.3 of this LOF for further details of certain conditions stated in clause 3 of the IA. If these conditions are not met with within the time specified in the IA, this Offer shall stand withdrawn.

3. **Eligible Shareholders should note that Equity Shares once tendered through Form of Acceptance cum Acknowledgement in the Offer, such Shareholders will not be entitled to withdraw such acceptances during the Tendering Period and even if the acceptance of Equity Shares under the Offer and dispatch of consideration gets delayed.**
4. The Equity Shares tendered in the Offer will be held in trust for the Acquirers/PAC, by the Registrar to the Offer until the completion of the Offer formalities and Shareholders would not be able to trade in such Equity Shares. During such period, there may be fluctuations in the market price of the Equity Shares. Accordingly, the Acquirers/PAC make no assurance with respect to the market price of the Equity Shares both during the Tendering Period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by any Shareholder on whether or not to participate in the Offer.
5. The Acquirers, PAC and the Manager to the Offer jointly and severally do not accept any responsibility for statements made otherwise than in this LOF, Detailed Public Statement, Public Announcement or in the advertisement or any materials issued by or at the instance of the Acquirers/PAC and any person placing reliance on any other sources of information (not released by the Acquirers/PAC) would be doing so at its own risk.

B. IN ASSOCIATION WITH THE ACQUIRERS/PAC

1. The Acquirers/PAC makes no assurance with respect to the financial performance of the Target Company. They also make no assurance with respect to the market price of the Equity Shares upon the completion of the Offer, and disclaim any responsibility with respect to any decision by the Eligible

Shareholders on whether or not to participate in the Offer.

2. The Acquirers/PAC makes no assurance with respect to its investment/ divestment decisions relating to their proposed shareholding in the Target Company.

C. RISK IN THE TRANSACTION

1. The Offer is subject to the compliance of terms and conditions as mentioned under the Investment Agreement dated July 14, 2012 (“IA”) and (ii) receipt of approvals as more particularly set out in para 6.3 of this LOF. The transaction contemplated under the IA shall be complete upon the fulfillment of conditions precedent agreed between the Acquirers, Target Company and the Existing Promoters in the IA. In terms of regulation 23(1) of the SEBI (SAST) Regulations, 2011 if such conditions precedent and other conditions are not satisfactorily fulfilled, the Offer would stand withdrawn.
2. If at a later date, any other statutory or regulatory or other approvals / no objections are required, the Offer would become subject to receipt of such other additional statutory or regulatory or other approvals / no objections.

The risk factors set forth above are limited to the Offer, transaction and the Acquirers/PAC and not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirers, but are only indicative and are not exhaustive. The risk factors do not relate to the present or future business or operations of the Target Company or any other related matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation in the Offer by an Eligible Shareholder. The Eligible Shareholders are advised to consult their stockbroker or tax advisor or investment consultant, if any, for further risks with respect to their participation in the Offer.

CURRENCY OF PRESENTATION

In this LOF, all references to or “₹” are to the Indian National Rupee(s). In this LOF, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and/or regrouping.

INDEX

Sr. No.	Particulars	Page No.
1	Disclaimer Clause	5
2	Details of the Offer	5
3	Background of the Acquirers and PAC	9
4	Background of the Target Company – Lloyd Steel Industries Limited	16
5	Offer Price and Financial Arrangements	20
6	Terms and Conditions of the Offer	24
7	Procedure for Acceptance and Settlement of the Offer	26
8	Miscellaneous	29
9	Documents for Inspection	30
10	Declaration by the Acquirers and PAC	31

ABBREVIATIONS AND DEFINITIONS

Terms	Definitions
Acquirer 1 / ULSPL	Ultimate Logistics Solutions Private Limited
Acquirer 2 / MEEL	Metallurgical Engineering and Equipments Limited (Erstwhile Siddharth Holdings Private Limited)
Acquirers	Acquirer 1 and Acquirer 2 are together referred to as Acquirers
Board	The board of directors of Lloyds Steel Industries Limited
BSE	BSE Limited
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Detailed Public Statement or DPS	Detailed Public Statement which appeared in the newspaper on July 20, 2012
DLOF	The Draft Letter of Offer dated July 27, 2012
Eligible Shareholders	Registered and unregistered Equity Shareholders except the Acquirers, PAC and Existing Promoters of the Target Company
Emerging Voting Capital	Fully paid-up capital of 104,45,18,493 Equity Shares being the capital post allotment of 38,00,00,000 Equity Shares to the Acquirers on preferential allotment basis (i.e. as of tenth working day from the closure of the tendering period)
Escrow Agreement	Escrow Agreement dated July 16, 2012 between the Acquirers, Escrow Agent and Manager to the Offer
Escrow Bank	ICICI Bank Limited having its branch office at Mumbai
Equity Shares	Fully paid up equity shares of the Target Company of face value ₹ 10/- each
Existing Promoters	Promoter and promoter group of the Target Company, excluding the Acquirers and includes individuals/bodies corporate, forming part of the Promoters and Promoter Group as per clause 35 of the listing agreement i.e. Shree Global Tradefin Limited, Trump Investments Limited, Renu R Gupta, Rajesh R Gupta, Chitralekha R Gupta, Abha M Gupta and Mukesh R Gupta
Form of Acceptance cum Acknowledgement	Form of Acceptance cum Acknowledgement attached to the Letter of Offer

Terms	Definitions
IA	Investment Agreement dated July 14, 2012 entered into among Acquirers, Target Company and Existing Promoters
Letter of Offer or LOF	This letter of offer dated October 10, 2012
Manager to the Offer	Centrum Capital Limited
N.A.	Not Available/Not Applicable
NSE	National Stock Exchange of India Limited
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
Offer or Open Offer	Open Offer for acquisition of upto 27,15,74,809 Equity Shares each being 26% of the Emerging Voting Capital at a price of ₹11.65 per fully paid up Equity Share payable in cash
Offer Period	October 23, 2012 to November 7, 2012
Offer Price	₹ 11.65 per Equity Share payable in cash
PAC / Ushdev	Ushdev International Limited
Preferential Allotment	Proposed Preferential Allotment of 38,00,00,000 Equity Shares to the Acquirers at a price of ₹10 per Equity Share approved by the Shareholders at the extraordinary general meeting held on July 14, 2012
Public Announcement or PA	Public Announcement of the Open Offer made by the Manager to the Offer on behalf of the Acquirers and PAC on July 14, 2012 in accordance with SEBI (SAST) Regulations, 2011
Registrar to the Offer	Bigshare Services Private Limited
RBI	The Reserve Bank of India
₹	Indian Rupees
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations, 1997	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI (SAST) Regulations, 2011	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto
Shareholders / Equity Shareholders	Equity shareholders of the Target Company
Stock Exchanges	BSE and NSE
Target Company or LSIL	Lloyds Steel Industries Limited
Working Days	Working days of SEBI

1. Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DLOF WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DLOF HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS, 2011. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF LLOYDS STEEL INDUSTRIES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS, PAC OR LLOYDS STEEL INDUSTRIES LIMITED WHOSE SHARES AND CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRERS AND PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS AND PAC DULY DISCHARGE ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, CENTRUM CAPITAL LIMITED, THE MANAGER TO THE OFFER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JULY 27, 2012 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS, 2011. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS AND PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. Details of the Offer

2.1. Background of the Offer

- 2.1.1 The Offer is a mandatory offer and is being made under regulation 3(1) and regulation 4 of SEBI (SAST) Regulations, 2011 for substantial acquisition of shares and voting rights accompanied with change in control and management of the Target Company.
- 2.1.2 ULSPL and MEEL acquired 8,15,00,000 Equity Shares each through preferential allotment, on March 17, 2012, jointly constituting 24.53% of the present paid-up equity capital of the Target Company at a price of ₹ 11.65 per Equity Share.
- 2.1.3 Pursuant to the special resolution, in terms of provisions of Section 81(1A) of the Companies Act and all the other provisions of applicable laws, passed by the Shareholders in the extra ordinary general meeting of the Target Company held on July 14, 2012, ULSPL and MEEL will be allotted 31,00,00,000 Equity Shares and 7,00,00,000 Equity Shares at a price of ₹ 10/- per Equity Share, respectively, on preferential allotment basis. The total consideration of ₹ 380 crores shall be payable in cash. Post Preferential Allotment, the shareholding of ULSPL and MEEL shall increase to 37.48% and 14.51% of the Emerging Voting Capital, respectively. On July 14, 2012, the Acquirers have entered into an IA with the Target Company and the Existing Promoters.
- 2.1.4 Consequent upon acquiring the shares pursuant to the Preferential Allotment, the post preferential shareholding of the Acquirers will be 54,30,00,000 Equity Shares constituting 51.99% of Emerging Voting Capital. Pursuant to proposed allotment and the IA, the Acquirers shall hold the majority of the Equity Shares by virtue of which they shall be in a position to exercise control over the management and affairs of the Target Company.
- 2.1.5 The salient features of the IA are as follows:
 - a. Pursuant to the issue and allotment of the shares under the Preferential Allotment and on completion of the Open Offer, the Acquirers will acquire majority voting rights in the Target Company and will appoint directors on the Board which coupled with the resignation of some of the existing non-independent directors, will result in a change in control of the Target Company;

- b. Pursuant to the aforesaid and subject to the provisions contained in the SEBI (SAST) Regulations, 2011, the Acquirers will be designated as "Promoters" of the Target Company and the Existing Promoters shall contemporaneously upon expiry of the offer period in terms of the SEBI (SAST) Regulations, 2011 (unless otherwise directed by SEBI or the relevant exchanges) cease to have any control over the affairs of the Target Company and will also cease to be "Promoters" or "co-promoters" or "persons acting in concert" of the Company or part of the "promoter group";
- c. The Existing Promoters are also bound by certain non-compete and non-solicitation obligations for a term of five (5) years. No separate consideration as control premium or as non-compete fees or otherwise, is being paid for the non-compete and non-solicitation obligation of the Existing Promoters.
- d. The IA also contains provisions those relating to transfer restrictions with respect to the shares held by the Existing Promoters, such as restriction on transfer to a competitor, right of first refusal in favour of the Acquirers, tag along and drag along rights to the Acquirers and other customary covenants, representations, warranties and indemnity obligations of the Existing Promoters provisions including provisions in relation to tag along and drag along rights, covenants, representations, warranties and related indemnity obligations of the Existing Promoters.
- e. The IA also contains a provision for certain reserved matter rights to the Acquirers. The IA enumerates that given below reserved matters will require the consent of the Acquirers:
 - i. Sell or dispose or create encumbrance over all or a material part of the Target Company's assets/properties or closure of an existing business or commencement of any new line of business.
 - ii. Any change in the issued, subscribed or paid up equity or preference share capital of the Target Company, or re-organization of the share capital of the Target Company, including new issue of shares or debentures other securities of the Target Company, bonus issues, or any preferential issue of shares or redemption or buy back or cancellation or reduction of any shares, issuance of convertible securities or warrants, or grant of any options over its shares by the Target Company or re-issue of any forfeited shares or changing the face value of or special rights attached to any of the shares or approval of any scheme or plan for grant of employee stock options, or sweat equity shares to any person, including any modification to any new or existing scheme or plan.
 - iii. Acquisition or disposition by the Target Company of shares, assets, properties or other investment by Target Company in, any companies or businesses including any joint venture or partnership firm or the creation of a subsidiary or an affiliate of Target Company.
 - iv. Incurring any capital expenditure including without limitation acquisition of assets, properties, undertaking construction or lease or such expenditure, in excess of Rs.2,00,00,000 in any one financial year, whether by way of a single transaction or through a series of transactions.
 - v. Taking any action through sale, divestment, reorganisation, consolidation, merger, demerger, amalgamation, sale of assets/properties or otherwise including any transaction through which control of Target Company is transferred to a third party.
 - vi. Borrowing funds by way of loans, trade guarantees or in any other form where the moneys to be borrowed (*which expression shall include all contingent liabilities represented by long term guarantee or letter of credit, not being letters of credit given in the ordinary course of business which forms part of working capital*) together with the moneys already borrowed by the Target Company result in an aggregate indebtedness of the Target Company.
 - vii. Offering and/or determining and/or revising/amending and/or altering, remuneration (*on cost to the Target Company basis*) of any director or employees or the independent contractor of the Target Company equal to or in excess of Rs.25,00,000 per annum.
 - viii. Granting by the Board of any power of attorney or similar authority to any person or granting of authorisation by the Board to any person to do any act with respect to the Target Company and/ or the business and/ or the assets and properties.
 - ix. Listing/ de-listing of the Equity Shares on the relevant exchanges.

- x. Appointing or changing the Target Company's internal and statutory auditors and functional advisors/consultants or the accounting policy or tax policy.
 - xi. Amendment to the charter documents of the Target Company.
 - xii. Declaration or payment of dividend.
 - xiii. Any change in the composition of the Board or committees of the Board or delegation of Board authority or powers to any individual or committee.
 - xiv. Entering of any related party transaction between the Target Company and the Existing Promoters and/or their respective affiliate(s) or the shareholders or directors and/or their respective affiliate(s) or any alteration and/or amendment of such transactions or any waivers granted under such transactions.
 - xv. Entering into any contract (*whether in the ordinary course of business or otherwise*) or modifying or amending or revising or terminating any existing contract having a financial implication on the Target Company of an amount being equal to or more than Rs.1,00,00,000.
 - xvi. Dissolution, winding-up or liquidation of the Target Company or any of its subsidiaries, whether or not voluntary, or any restructuring or reorganization which has a similar effect.
 - xvii. Settlement or institution by the Target Company of any litigation exceeding Rs.1,00,00,000.
- f. As conditions precedent for the completion of the transaction, the Target Company and the Existing Promoters are *inter-alia* required to obtain all authorizations, approvals and consents required in connection with the execution, delivery and performance of the IA, the consummation of the Transaction (the Preferential Allotment and the Open Offer) and the amendment to the charter documents.

2.1.6 Ushdev is acting as a PAC with the Acquirers. Ushdev will co-operate with the Acquirers by providing financial support to the Acquirers to acquire the Equity Shares and will not acquire any Equity Shares being tendered and accepted in this Offer. All the Equity Shares validly tendered and accepted in this Offer will be acquired by the Acquirer only. PAC will not have the control over the Target Company on completion of the Open Offer.

2.1.7 There is no separate arrangement for the proposed change in control of the Target Company except for the terms as mentioned in IA.

2.1.8 The Acquirers and PAC have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

2.1.9 The Acquirers intends to appoint their representatives on the Board after the completion of all formalities relating to Offer under SEBI (SAST) Regulations, 2011 as it may deem fit.

2.1.10 The recommendation of the committee of independent directors as constituted by the Board on the Offer will be published at least two Working Days before the commencement of the Tendering Period, in the same newspapers where the DPS was published and a copy whereof shall be sent to SEBI, BSE, NSE and Manager to the Offer and in case of a competing offer/s to the manager/s to the open offer for every competing offer.

2.2 Details of the proposed Offer

2.2.1 The Acquirers and PAC have released the DPS on July 20, 2012 which appeared in the following newspapers:

Publication	Editions
Financial Express (English daily)	Mumbai, Ahmedabad, Delhi, Kolkata, Hyderabad, Chennai, Bangalore, Pune, Lucknow, Chandigarh and Kochi
Jansatta (Hindi daily)	Delhi, Chandigarh, Lucknow and Kolkata
Mumbai Lakshadeep (Marathi)	Mumbai

DPS is also available on the SEBI's website at www.sebi.gov.in

- 2.2.2 The Acquirers and PAC are making an Open Offer to the Shareholders to acquire upto 27,15,74,809 Equity Shares representing 26% of the Emerging Voting Capital at a price of ₹ 11.65 per Equity Share payable in cash, subject to the terms and conditions set out in the PA, DPS, the DLOF and this LOF, that will be sent to the Shareholders.
- 2.2.3 There are no partly paid up shares in the Target Company
- 2.2.4 The Offer is not a competing offer.
- 2.2.5 The Offer is not conditional upon minimum level of acceptance. Further there is no differential pricing for this Offer.
- 2.2.6 The Acquirers and PAC have not acquired any Equity Shares after the date of PA i.e. July 14, 2012 and upto the date of this LOF.
- 2.2.7 The Equity Shares will be acquired by the Acquirers free from all liens, charges and encumbrances together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.
- 2.2.8 As a result of acquisition of Equity Shares under the Offer (assuming full acceptance), the public shareholding in LSIL will reduce below the minimum level required as per the listing agreement entered into by the Target Company with the BSE and NSE (the "Listing Agreements"). Accordingly, the Acquirers will take necessary steps to facilitate compliance of the Target Company with the relevant provisions of the Listing Agreements and notification of the Central Government dated June 4, 2010 amending the Securities Contracts (Regulation) Rules, 1957 within the time stipulated therein.
- 2.2.9 In the event the Acquirers shareholding exceeds minimum permissible non-public shareholding, pursuant to the Offer, the Acquirers shall not be eligible to make a voluntary delisting offer under SEBI (Delisting of Equity Shares) Regulations, 2009, unless a period of 12 months has elapsed from the date of completion of the Offer Period.
- 2.2.10 The Manager to the Offer, Centrum Capital Limited does not hold any Equity Shares as at the date of LOF. The Manager to the Offer further declares and undertakes that they will not deal on their own account in the Equity Shares of during the Offer Period.

2.3 Object of the acquisition/ Offer

- 2.3.1 Promoters of the Acquirers are co-promoters of Uttam Galva Steels Limited and promoters of Uttam Galva Metalics Limited. Both Uttam Galva Steels Limited and Uttam Metalics Limited have business relationship with the Target Company. Uttam Galva Metalics Limited supplies pig iron to the Target Company and Uttam Galva Steels Limited purchases hot roll coils from the Target Company. Accordingly, the Acquirers indirectly have business synergies with the Target Company. Acquirers intend to explore various opportunities to maximize these business synergies.
- 2.3.2 The Target Company was under going through financial difficulties and was declared a sick company in terms of section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 and regulation 19 of the Board of Industrial and Financial Reconstruction Regulations 1987. The Target Company has undergone the process of rehabilitation and has been deregistered by the Board of Industrial and Financial Reconstruction *vide* its letter dated May 7, 2012. The Target Company requires huge capital infusion for meeting the operational needs of the business. The Acquirers intend to infuse equity capital to revive and meet the operational requirements of the business of the Target Company.

- 2.3.3 The main object of this acquisition is to acquire the control over the management and affairs of the Target Company. The Acquirers will continue the existing business of the Target Company and review the operations of the Target Company post infusion of funds to optimize the business synergies. The Acquirers may, as permitted by applicable law and in accordance with the procedures of the Target Company, rationalise or restructure the existing business activities in line with overall group objectives.
- 2.3.4 There is no likeliness of any adverse impact on the employment. Further, the Acquirers currently have no plans of relocating the manufacturing facilities of the Target Company.
- 2.3.5 The Acquirers do not have any plans to alienate any significant assets of the Target Company whether by way of sale, lease, encumbrance or otherwise for a period of two years except in the ordinary course of business of the Target Company. LSIL's future policy for disposal of its assets, if any, for two years from the completion of Offer will be decided by its Board, subject to the applicable provisions of the law and subject to the approval of the Shareholders through Special Resolution passed by way of postal ballot in terms of regulation 25(2) of SEBI (SAST) Regulations, 2011.

3. Background of the Acquirers and PAC

3.1. Background of Acquirer 1 – Ultimate Logistics Solutions Private Limited

- 3.1.1. Ultimate Logistics Solutions Private Limited was incorporated on July 10, 2007 under the Companies Act with the Registrar of Companies, Mumbai, as a private limited company. The name has not been changed since its incorporation.
- 3.1.2. The Registered office of Acquirer 1 is situated at 530, Nav Vyapar Bhavan, 49, P. D'Mello Road, Mumbai – 400 009, Tel: 022-66361316, Fax: 022-66361317.
- 3.1.3. Acquirer 1 has recently entered into logistics and transportation business.
- 3.1.4. Mr. Anuj R Miglani and Mr. Ankit Miglani are the main promoters of Acquirer 1.
- 3.1.5. The promoters of Acquirer 1 and Acquirer 2 are co-promoters of Uttam Galva Steels Limited and promoters of Uttam Galva Metallics Limited. PAC will co-operate with the Acquirers by providing financial support to the Acquirers to acquire the Equity Shares.
- 3.1.6. Acquirer 1 has duly complied with the applicable provisions of Chapter V of the SEBI (SAST) Regulations, 2011 with respect to the acquisition of Equity Shares allotted on March 17, 2012.
- 3.1.7. Details of shareholding pattern as on the date of this LOF are given below:

Sr. No.	Name of the shareholders	No. of Shares	% to total shareholding
1	Promoters	10000	100.00%
a.	Mr. Anuj R Miglani	5000	50.00%
b.	Mr. Ankit Miglani	5000	50.00%
2	Promoter Group	-	-
3	FII/ Mutual-Funds/ FIs/ Banks	-	-
4	Others / Public	-	-
	Total Paid up Capital	10000	100.00%

- 3.1.8. Details of the board of directors as on the date of this LOF are given below:

Sr. No.	Name of Director	DIN	Executive / Non Executive	Qualifications	Experience	Date of Appointment
1.	Mr. Anuj R Miglani	00287097	Non-Executive	Graduate in Mechanical Engineering from the Imperial College of Science & Technology, London.	12 years in steel industry handling projects and production.	July 10, 2007
2	Mr. Ankit Miglani	00444956	Non - Executive	Graduate in Economics with specialization in Finance from Wharton School, University of Pennsylvania, Philadelphia, U.S.A.	8 years in steel industry handling marketing and financial areas.	July 10, 2007

As on the date of this LOF, none of the directors of Acquirer 1 are on the Board.

- 3.1.9. The key financial information of Acquirer 1 based on the audited financial statements for the financial year ended March 31, 2010, 2011 and 2012 are as follows:

(Amount ₹ in Lakhs)

Profit and Loss Statement	Financial Year ended March 31		
	2010	2011	2012
Income from operations	0.00	0.00	0.00
Other Income	0.00	0.00	0.00
Total Income	0.00	0.00	0.00
Total Expenditure	0.10	0.13	0.20
Profit/ (Loss) Before Depreciation Interest and Tax	(0.10)	(0.13)	(0.20)
Depreciation	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Profit / (Loss) Before Tax	(0.10)	(0.13)	(0.20)
Provision for Tax	0.00	0.00	0.00
Profit / (Loss) After Tax	(0.10)	(0.13)	(0.20)

Balance Sheet Statement	Financial Year ended March 31,		
	2010	2011	2012
Sources of funds:			
Paid up share capital	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserves)	(0.30)	(0.43)	(0.63)
Networth	0.70	0.57	0.37
Secured loans	0.00	0.00	0.00
Unsecured loans	0.00	0.00	9495.10
Total	0.70	0.57	9495.47
Uses of funds:			

Balance Sheet Statement	Financial Year ended March 31,		
	2010	2011	2012
Net fixed assets	0.00	0.00	0.00
Investments	0.00	0.00	9494.75
Net current assets	0.62	0.53	0.72
Total miscellaneous expenditure not written off	0.09	0.04	0.00
Total	0.70	0.57	9495.47

Other Financial Data	Financial Year ended March 31,		
	2010	2011	2012
Dividend (%)	0.00	0.00	0.00
Earnings Per Share	(0.99)	(1.32)	(2.01)

(Source- Annual Reports of Acquirer 1 for FY 2010, 2011 and 2012)

3.1.10. Acquirer 1 has no contingent liabilities as on March 31, 2012.

3.1.11. Shares of Acquirer 1 are not listed or traded on any stock exchange.

3.2. Background of the Acquirer 2 - Metallurgical Engineering and Equipments Limited

3.2.1. Metallurgical Engineering and Equipments Limited was incorporated as Siddharth Holdings Private Limited on December 24, 1981 under the Companies Act with the Registrar of Companies, Mumbai, as a private limited company. The name was changed to Metallurgical Engineering and Equipments Private Limited *vide* fresh incorporation certificate dated March 22, 2012. The name was subsequently changed to Metallurgical Engineering and Equipments Limited upon conversion into public limited company *vide* fresh incorporation certificate dated March 22, 2012.

3.2.2. The Registered office of Acquirer 2 is situated at 530, Nav Vyapar Bhavan, 49, P. D'Mello Road, Mumbai, Tel: 022-66361316, Fax: 022-66361317.

3.2.3. MEEL has currently started a business of trading in all kinds of machinery and other equipment such as vessel, tank, filter, air drawing plants, intercoolers, heat recovery system, power equipments, steel tubes, iron and steel, metal (ferrous and non ferrous), steel alloys, scrap, pipe, wire drawing of any metal and commission and trading agent.

3.2.4. Mr. Anuj R Miglani and Mr. Ankit Miglani are the main promoters of the Acquirer 2.

3.2.5. The promoters of Acquirer 1 and Acquirer 2 are co-promoters of Uttam Galva Steels Limited and promoters of Uttam Galva Metallics Limited. PAC will co-operate with the Acquirers by providing financial support to the Acquirers to acquire the Equity Shares.

3.2.6. Acquirer 2 has duly complied with the applicable provisions of Chapter V of the SEBI (SAST) Regulations, 2011 with respect to the acquisition of Equity Shares allotted on March 17, 2012.

3.2.7. Details of shareholding pattern as on the date of this LOF are given below:

Sr. No.	Name of the shareholders	No. of Shares	% to total shareholding
1	Promoters	49,994	99.988
a.	Mr. Ankit Miglani	49,994	99.988
2	Promoter Group	-	-
3	FII/ Mutual-Funds/ FIs/ Banks	-	-
4	Others / Public	6	0.012
a.	Mr. Rolph Sequira	1	0.002

Sr. No.	Name of the shareholders	No. of Shares	% to total shareholding
b.	Mr. Sunil Dodani	1	0.002
c.	Mr. Ram Gaud	1	0.002
d.	Mr. B Handa	1	0.002
e.	Mr. Raghvendra Agrawal	1	0.002
f.	Mr. Gurusharan Singh Sawhney	1	0.002
	Total Paid up Capital	50,000	100.000

3.2.8. Details of the present board of directors as on date of this LOF are given below:

Sr. No.	Name of Director	DIN	Whether Executive / Non Executive	Qualifications	Experience	Date of Appointment
1.	Mr. Anuj R Miglani	00287097	Non Executive	Graduate in Mechanical Engineering from the Imperial College of Science & Technology, London.	12 Years in steel industry handling projects and production	March 26, 2003
2	Mr. Ankit Miglani	00444956	Non Executive	Graduate in Economics with specialization in Finance from Wharton School, University of Pennsylvania, Philadelphia, U.S.A.	8 Years in steel industry handling marketing and financial areas.	March 26, 2003
3	Mr. Rolph Sequeira	00367084	Non Executive	Graduate in commerce from Mysore University	20 years of experience in managerial capacity	March 26, 2003

As on the date of this LOF, none of the directors of Acquirer 2 are on the Board.

3.2.9. The key financial information of Acquirer 2 based on the audited financial statements for the financial year ended March 31, 2010, 2011 and 2012 are as follows:-

(Amount ₹ in Lakhs)

Profit and Loss Statement	Financial Year ended March 31,		
	2010	2011	2012
Income from operations	0.00	0.00	0.00
Other Income	0.00	0.00	0.00
Total Income	0.00	0.00	0.00
Total Expenditure	0.50	0.47	0.16
Profit / (Loss) Before Depreciation Interest and Tax	(0.50)	(0.47)	(0.16)

Profit and Loss Statement	Financial Year ended March 31,		
	2010	2011	2012
Depreciation	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Profit / (Loss) Before Tax	(0.50)	(0.47)	(0.16)
Provision for Tax	0.00	0.00	0.00
Profit / (Loss) After Tax	(0.50)	(0.47)	(0.16)

Balance Sheet Statement	Financial Year ended March 31,		
	2010	2011	2012
Sources of funds:			
Paid up share capital	5.00	5.00	5.00
Reserves and Surplus (excluding revaluation reserves)	(7.64)	(8.11)	(8.28)
Networth	(2.64)	(3.11)	(3.28)
Share application money	24.50	25.00	25.00
Secured loans	0.00	0.00	0.00
Unsecured loans	7.63	7.63	9502.83
Total	29.49	29.52	9524.55
Uses of funds:			
Net fixed assets	0.00	0.00	0.00
Investments	3.00	3.00	9497.75
Net current assets	26.49	26.52	26.80
Total miscellaneous expenditure not written off	0.00	0.00	0.00
Total	29.49	29.52	9524.55

Other Financial Data	Financial Year ended March 31,		
	2010	2011	2012
Dividend (%)	0	0	0
Earnings Per Share	(1.00)	(0.95)	(0.33)

(Source- Annual Reports of Acquirer 2 for FY 2010, 2011 and 2012)

3.2.10. Acquirer 2 has no contingent liabilities as on March 31, 2012.

3.2.11. Shares of Acquirer 2 are not listed or traded on any stock exchange.

3.3. Background of PAC – Ushdev International Limited

3.3.1. Ushdev International was incorporated on May 18, 1994 under the Companies Act as Ushdev Trade & Finvest Limited with the Registrar of Companies, Mumbai. The name was changed to Ushdev International Limited *vide* fresh incorporation certificate dated July 23, 1996.

3.3.2. The registered office of PAC is situated at 6th Floor, New Harileela House, Mint Road, Mumbai – 400 001, Tel.: 022-22672450, Fax: 022-2282 1416.

3.3.3. The core activities of PAC are trading of metals & power generation through windmills. Trading Segment consists of metals, such as steel, zinc, copper and its raw materials and by-products.

- 3.3.4. PAC is part of the Ushdev group. Ms. Suman Gupta, Ms. Natasha Gupta and Mr. Prateek Gupta are the main promoters
- 3.3.5. PAC has business relationship with the Target Company, Uttam Galva Steels Limited and Uttam Galva Metallics Limited. PAC will co-operate with the Acquirers by providing financial support to the Acquirers to acquire the Equity Shares and will not have the control over the Target Company on completion of the Open Offer.
- 3.3.6. As the PAC does not hold any Equity Share and has never held Equity Share in the past, the provisions of chapter V of the SEBI (SAST) Regulations, 2011 and chapter II of the SEBI (SAST) Regulations, 1997, and subsequent amendments thereto are not applicable to the PAC as far as the Target Company is concerned.
- 3.3.7. The shareholding pattern as on June 30, 2012 is as given below:

Sr. No.	Name of the shareholders	No. of Shares	% to total shareholding
1	Promoters	72,15,081	24.52
a.	Ms. Suman Gupta	30,40,226	10.33
b.	Ms. Natasha Gupta	36,19,600	12.30
c.	Mr. Prateek Gupta	5,55,255	1.89
2	Promoter Group	88,77,370	30.17
a.	Moment Candles Pvt. Ltd.	14,06,570	4.78
b.	Ushdev Commercial Services Pvt. Ltd.	38,75,000	13.17
c.	Ushdev Power Ltd.	15,10,600	5.13
d.	Vijay Gupta HUF	20,85,200	7.09
3	Public - FII/ Mutual-Funds/ FIs/ Banks	17,72,628	6.02
4	Public – Others	1,15,60,721	39.29
a.	Ms. Chhaya Gadhia	22,24,466	7.57
b.	Mr. Sanjeev Gupta	16,01,950	5.44
c.	Others	77,34,305	26.28
	Total Paid up Capital	2,94,25,800	100.00

- 3.3.8. Details of the board of directors as on the date of this LOF are given below:

Sr. No.	Name of Director	DIN	Executive / Non Executive	Qualifications	Experience	Date of Appointment
1.	Ms. Suman Gupta	00166031	Non Executive	Graduate in Commerce	More than 25 years in personnel development, corporate planning and steel trading	May 18, 1994
2	Mr. Prateek Gupta	00166108	Executive	Masters in Business Administration and Graduate in Commerce	19 years in steel trading, and wind power generation	February 18, 2008
3	Mr. Narayan Hegde	00170586	Non Executive	Post Graduate in Science and PhD	More than 30 years in wastelands development and environmental	April 29, 2006

Sr. No.	Name of Director	DIN	Executive / Non Executive	Qualifications	Experience	Date of Appointment
					science	
4	Mr. Vinay Kamat	00240548	Non Executive	Chartered Accountant	More than 20 years in taxation and audit related issues	December 8, 2005
5	Mr. Suresh Lakhiani	01672386	Non Executive	Graduate in Commerce	More than 25 years in textile and hospitality services	January 31, 2006
6	Mr. Vijay Kumar Gupta	00023101	Non Executive	Masters in Literature	37 years of experience in banking sector. He has retired as a Joint Managing Director of State Bank of India.	February 6, 2012

As on the date of this LOF, none of the directors of PAC are on the Board.

- 3.3.9. The key financial information of PAC based on the audited consolidated financial statements for the financial year ended March 31, 2010, 2011 and 2012 are as follows:

(Amount ₹ in Lakhs)

Profit and Loss Statement	Financial Year ended March 31		
	2010	2011	2012
Income from operations	1,73,598.18	3,26,371.16	5,83,791.20
Other Income	1,346.37	2,664.38	2,287.76
Total Income	1,74,944.55	329,035.54	5,86,078.96
Total Expenditure	1,67,093.13	3,14,245.74	5,62,236.83
Profit/ (Loss) Before Depreciation Interest and Tax	7,851.42	14,682.98	23,842.13
Depreciation	507.89	761.92	923.81
Interest	4,062.52	8,518.42	14,273.39
Profit / (Loss) Before Tax	3,281.01	5,402.64	8,644.93
Provision for Tax	588.11	1,028.29	1,410.89
Profit / (Loss) After Tax	2,692.90	4,374.35	7,234.04

Balance Sheet Statement	Financial Year ended March 31,		
	2010	2011	2012
Sources of funds:			
Paid up share capital	2,942.58	2,942.58	2,942.58
Reserves and Surplus (excluding revaluation reserves)	23,867.65	27,302.08	35,600.16
Networth	26,810.23	30,244.66	38,542.74
Share application money	0.00	0.00	13,271.00
Secured loans	12,045.42	22,254.58	13,693.65
Unsecured loans	3,676.53	13,748.21	7,265.76
Deferred tax liability	415.69	365.04	109.57

Balance Sheet Statement	Financial Year ended March 31,		
	2010	2011	2012
Total	42,947.87	66,612.49	72,882.72
Uses of funds:			
Net fixed assets	10,581.61	14,725.59	13,831.77
Capital work in progress	490.62	500.00	600.00
Investments	5.65	5.06	5.16
Net current assets	31,869.99	51,381.83	58,445.79
Total	42,947.87	66,612.49	72,882.72

Other Financial Data	Financial Year ended March 31,		
	2010	2011	2012
Dividend (%)	21%	21%	21%
Earnings Per Share (Basic) (₹)	9.71	14.87	24.58
Earnings Per Share (Diluted) (₹)	9.71	14.87	21.53

(Source- Annual Reports of PAC for FY 2010, 2011 and 2012)

- 3.3.10. As per audited consolidated financials as of March 31, 2012, the contingent liabilities is in respect of corporate guarantee of ₹ 50,870 lakhs issued by PAC in favour of bank for a working capital requirement of a subsidiary.
- 3.3.11. The equity shares of PAC are listed and traded on BSE.
- 3.3.12. The closing price of shares of the PAC as quoted on BSE on October 9, 2012 is ₹ 269.90.
- 3.3.13. M/s P. P. Shah & Co., Practising Company Secretaries, has issued a certificate dated May 25, 2012 regarding compliance with the corporate governance requirements under clause 49 of the Listing Agreement which has been included in the Annual Report for 2011-2012.
- 3.3.14. Details of Compliance Officer of the PAC are as follows:
 Mr. Lalit Chendvankar
 6th Floor, New Harileela House, Mint Road, Mumbai – 400 001,
 Tel: 022-22672450, Fax: 022-22821416
 Email Id: cs@ushdev.com

4. Background of the Target Company – Lloyds Steel Industries Limited

- 4.1. Lloyds Steel Industries Limited was incorporated as a private company under the Companies Act with the Registrar of Companies, Mumbai under the name and style of Gupta Tubes and Pipes Private Limited on April 27, 1970. Its name was subsequently changed to Lloyds Steel Industries Private Limited vide a fresh certificate of incorporation dated September 10, 1985. The Target Company was converted to a public company by resolution dated April 28, 1986, and the name was changed to Lloyds Steel Industries Limited with effect from June 3, 1986. The Corporate Identification Number of the Target Company is L27100MH1970PLC014621.
- 4.2. The registered office of the Target Company is situated at Trade World, C Wing, 16th Floor, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai 400013, Tel: 022 3041 8111, Fax: 022 3041 8260.
- 4.3. The Target Company manufactures steel and capital equipment and executes turnkey projects. It has an engineering plant at Murbad, Thane and a steel manufacturing plant at Wardha in Maharashtra.

4.4. The Authorised Share Capital of LSIL is ₹ 2,000.00 crores comprising of 150,00,00,000 Equity Shares and 50,00,00,000 Preference Shares of ₹ 10/- each.

4.5. The capital structure of the Target Company as on the date of LOF is as follows:

Paid up Equity Shares	No. of Shares/voting rights*	% of shares/voting rights
Fully paid up Equity Shares	66,45,18,493 Equity Shares	100
Partly paid up equity shares	Nil	Nil
Total paid up Equity Shares	66,45,18,493 Equity Shares	100
Total voting rights	66,45,18,493 Equity Shares	100

**Apart from above the Target Company has 27,14,451 Equity Shares Forfeited (Amount originally paid up) and 23,62,75,420 Redeemable Preference Shares of ₹10/- each fully paid up forming part of the total Issued, Subscribed and Paid-up Capital of the Target Company.*

4.6. The Target Company does not have outstanding warrants or options or similar instruments, convertible into Equity Shares at a later stage. As on Identified Date i.e. October 9, 2012, there are 32,30,72,341 Equity Shares subject to lock-in obligations which include 16,30,00,000 Equity shares held by the Acquirers. The Equity Shares to be allotted to the Acquirers under the Preferential Allotment will also be subject to lock-in.

4.7. The Equity Shares are presently listed on the BSE with scrip code 500254; scrip ID "LLOYDSTEEL" and NSE with scrip symbol "LLOYDSTEEL".

4.8. The Equity Shares are currently not suspended from trading on the Stock Exchanges.

4.9. Based on the information available on BSE and NSE, the Equity Shares are frequently traded on both BSE and the NSE (within the meaning of definition of "frequently traded shares") under clause (j) of sub-regulation (1) of regulation 2 of the SEBI (SAST) Regulations, 2011) and is most frequently traded on NSE.

4.10. As on the date of LOF, the composition of the Board is as under:

Sr No.	Name and Address of Director	Designation	Date of Appointment
1.	Mr. Mukesh R Gupta 11, Jeevan Villa Chsl, Narayan Dabholkar Marg, Mumbai - 400 006	Director	September 28, 1977
2.	Mr. Rajesh R Gupta 81, Laxmi Villas; 87, Napean Sea Road, Mumbai – 400 006	Managing director	September 30, 1983
3.	Mr. Babulal Agarwal 70, Dariya Mahal No.2, 12 th Floor, 80 Napean Sea Road; Mumbai – 400 006	Director	August 1, 1970
4.	Mr. Raj Kumar Bansal B-201, Twin Towers, Off Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025	Nominee director	February 28, 2012
5.	Mr. K A Krishna Rao Anubhandha, Plot no. 63, IInd Main, Deshpande Nagar, Ext. Dharwad, Hubli - 580 029	Director	August 16, 2006
6.	Mr. Brij Lal Khanna 406, Aradhana, R.K. Puram, Sector - XIII,	Independent director	June 20, 2012

Sr No.	Name and Address of Director	Designation	Date of Appointment
	New Delhi - 110 060		
7	Mr. U.N. Challu A 34/1 AFOCHS, Sainikpuri Secunderabad – 500 094	Independent Director	June 20, 2012
8	Mr. Ashok Tandon Flat No.20, Usha Kamal Chs, Sector 15, Vashi, Navi Mumbai – 400 703	Director	June 20, 2012
9	Mr. Manash Chakraborty Belfer Apartment, 601, 6th Floor, Waterfield Road, Bandra (W), Mumbai – 400 050	Nominee Director	May 9, 2012

None of the above Directors are representative of Acquirers or PAC

4.11. There has been no merger/de-merger, spin off during last 3 years involving the Target Company.

4.12. The key financial information of the Target Company based on the audited financial statements for the financial year ended March 31, 2010, June 30, 2011, March 31, 2012 are as follows:-

(Amount ₹ in lakhs)

Profit and Loss Statement	Financial Year ended March 31, 2010	Financial Year ended June 30, 2011*	Financial Year ended March 31, 2012
Income from operations	2,89,872.06	4,08,073.76	3,84,816.37
Other Income	1,393.93	4,636.61	4,346.93
Total Income	291,265.99	4,12,710.37	3,89,163.30
Total Expenditure	281,746.24	4,05,740.34	3,79,112.21
Profit Before Depreciation Interest and Tax	9,519.75	6,970.03	10,051.09
Depreciation	11,668.20	15,493.07	10,649.84
Interest	3,795.37	5,680.98	5,424.31
Profit before tax and Exceptional Items	(5,943.82)	(14,204.02)	(6,023.06)
Exceptional Items	(1,807.86)	(236.89)	1,322.40
Profit Before Tax	(7,751.68)	(13,967.13)	(7,345.46)
Provision for Tax	0	0	0
Profit After Tax	(7,751.68)	(13,967.13)	(7,345.46)

Balance Sheet Statement	Financial Year ended March 31, 2010	Financial Year ended June 30, 2011*	Financial Year ended March 31, 2012
Sources of funds:			
Share Capital	46,043.70	62,893.71	90,211.73
Reserves & Surplus	(78,993.33)	(92,802.22)	(82,032.20)
Networth	(32,949.63)	(29,908.51)	8,179.53
Subscription for Share Warrants	4,212.5	0	0
Secured Loans	78,934.38	70,632.16	32,925.23
Unsecured Loans	352.31	3,640.69	5,501.64

Balance Sheet Statement	Financial Year ended March 31, 2010	Financial Year ended June 30, 2011*	Financial Year ended March 31, 2012
Total	50,549.56	44,364.34	46,606.40
Uses of funds:			
Net Fixed Assets	1,04,115.18	1,17,914.07	1,07,599.18
Investments	250.26	250.26	250.26
Net Current Assets	(53,815.88)	(73,799.99)	(61,243.04)
Total	50,549.56	44,364.34	46,606.40

Other Financial Data	Financial Year ended March 31, 2010	Financial Year ended June 30, 2011*	Financial Year ended March 31, 2012
Dividend (%)	0	0	0
Earnings Per Share	(3.65)	(4.46)	(1.75)
Return on Networth (%)	NA	NA	(90%)
Book Value Per Share	(14.64)	(7.64)	1.23

*Financial Year (2010-2011) of the Target Company was extended by three months and consequently contained 15 months, which ended on June 30, 2011. In order to realign financial year ending in March 2012, the Target Company closed the financial year with a period of 9 months i.e. from July 1, 2011 to March 31, 2012.

(Source - Annual Reports of the Target Company for FY 2010, 2011 and 2012)

4.13.Pre and Post - Offer share holding pattern of the Target Company as on the date of LOF is as follows:

Shareholders' Category	Shareholding & voting rights prior to IA/ acquisition and Offer		Shares /voting rights agreed to be acquired which triggered off the Offer		Shares/voting rights to be acquired in Open Offer (Assuming full acceptances)		Share holding / voting rights after acquisition and Offer	
	(A) No.	%*	(B) No.	%*	(C) No.	%*	(A)+(B)+(C)=(D) No.	%*
(1) Promoter group								
(a) Parties to IA	24,01,69,259	36.14	-	-	-	-	24,01,69,259 ^{^^}	22.99
(b) Promoters other than (a) above	-	-	-	-	-	-	-	-
Total 1 (a+b)	24,01,69,259	36.14	-	-	-	-	24,01,69,259	22.99
(2)(a)Acquirers								
i. Acquirer 1	8,15,00,000	12.26	31,00,00,000	29.68	27,15,74,809 [@]	26.00	81,45,74,809	77.99
ii. Acquirer 2	8,15,00,000	12.26	7,00,00,000	6.70				
Total 2(a) (i+ii)	16,30,00,000	24.53	38,00,00,000	36.38	27,15,74,809	26.00	81,45,74,809	77.99
(2)(b) PAC (Not a party to IA)	-	-	-	-	-	-	-	-
(3) Parties to IA other than(1) (a) & (2)	-	-	-	-	-	-	-	-
(4) Public^ (other than parties to agreement & PAC)								
a. FIs/MFs/FIIs/Banks, SFIs, Insurance Cos	10,90,60,071	16.41	-	-	**	-	**	**
b. Others	15,22,89,163	22.92	-	-	**	-	**	**

Shareholders' Category	Shareholding & voting rights prior to IA/ acquisition and Offer		Shares /voting rights agreed to be acquired which triggered off the Offer		Shares/voting rights to be acquired in Open Offer (Assuming full acceptances)		Share holding / voting rights after acquisition and Offer	
Total (4) (a+b)	26,13,49,234	39.33	-	-	-	-	-	-
GRAND TOTAL (1+2(a)+3+4)	66,45,18,493	100.00	38,00,00,000	36.38	0	0.00	1,04,45,18,493	100.00

* Calculated as percentage of fully paid up Equity Shares pre Preferential Allotment

Calculated as percentage of fully paid up Equity Shares post Preferential Allotment

© The bifurcation of shares to be acquired in the Offer by Acquirer 1 and Acquirer 2 will be available after the Offer. Hence their individual holding after the Offer cannot be ascertained at this date.

**The figures will depend on response from each category

^ As on June 30, 2012

^^ Post completion of the Open Offer the Existing Promoters will be categorized under public shareholding. Hence, assuming full acceptance under the Offer by the Acquirers, the new promoter and public holding will be 77.01% and 22.99%, respectively.

Note:

1. The total number of Shareholders in public category as on June 30, 2012 was 1,68,536 (excluding both the Acquirers).

2. As on date, PAC does not hold any Equity Shares and will not be acquiring Equity Shares through Open Offer.

4.14. The Existing Promoters and Target Company have complied with the provisions of chapter II of erstwhile SEBI (SAST) Regulations, 1997 and chapter V of SEBI (SAST) Regulations, 2011.

4.15. Existing non-promoter shareholders of the Target Company i.e. IDBI and SBI have delayed in complying with regulation 7(1) & (2) of SEBI (SAST) Regulations, 1997 and regulation 29(1) of SEBI (SAST) Regulations, 2011, respectively. SEBI may take possible action against these shareholders of the Target Company for delay in compliance of said regulations.

5. Offer Price and Financial Arrangements

5.1. Justification of Offer Price

5.1.1. The Offer is made pursuant to the direct acquisition of shares of the Target Company by the Acquirers. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of the Target Company.

5.1.2. The Equity Shares are frequently traded. The annualized trading turnover of the Equity Shares based on trading volume during the 12 calendar months prior to the month of PA (July 1, 2011 to June 30, 2012) is as given below:

Stock Exchange	Total No. of Equity Shares traded during 12 calendar months prior to the month of PA	Weighted no. of Equity Shares	Annualised Trading Turnover (as % of weighted no. of total Equity Shares outstanding)
BSE	67,680,916	481,201,673	14.06
NSE	86,719,600	481,201,673	18.02

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

5.1.3. Based on the information available on the websites of the Stock Exchanges, the Equity Shares are frequently traded on the BSE and the NSE (within the meaning of definition "frequently traded shares" under clause (j) sub-regulation (1) of regulation 2 of the SEBI (SAST) Regulations, 2011) and is most frequently traded on NSE.

5.1.4. The Offer Price of ₹ 11.65 per Equity Share is justified, in terms of regulation 8(2) of the SEBI (SAST) Regulations, 2011, being the highest of the following:

(a)	The negotiated and preferential allotment price attracting the obligations to make a public announcement of an Open Offer	₹ 10.00
(b)	The volume-weighted average price paid or payable for acquisition whether by the Acquirers or by any person acting in concert with them, during 52 weeks immediately preceding the date of PA	₹ 10.50
(c)	The highest price paid or payable for any acquisition, whether by the Acquirers or by any person acting in concert with them, during 26 weeks immediately preceding the date of the PA	₹ 11.65
(d)	The volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of PA as traded on NSE (as the maximum volume of trading in the shares of the Target Company is recorded on NSE during such period)	₹ 9.13

5.1.5. The date of signing of the IA, the date of the Extra-ordinary General Meeting and the date of making the Public Announcement is July 14, 2012.

5.1.6. Calculation of the volume-weighted average market price of such shares for a period of 60 trading days immediately preceding the date of Public Announcement as traded on NSE (As the maximum volume of trading in the Equity Shares is recorded on NSE during such period) as per regulation 8(2)(d) of the SEBI (SAST) Regulations, 2011 is as follows:

Date	Traded Quantity	Turnover in ₹
13-Jul-12	76,656	7,72,000
12-Jul-12	1,04,234	10,45,000
11-Jul-12	93,394	9,51,000
10-Jul-12	96,368	9,72,000
9-Jul-12	47,083	4,80,000
6-Jul-12	77,861	7,91,000
5-Jul-12	37,080	3,76,000
4-Jul-12	1,62,145	16,43,000
3-Jul-12	1,39,867	14,07,000
2-Jul-12	2,24,850	21,98,000
29-Jun-12	99,147	9,41,000
28-Jun-12	1,30,453	12,36,000
27-Jun-12	76,527	7,18,000
26-Jun-12	62,127	5,70,000
25-Jun-12	90,408	8,32,000
22-Jun-12	3,20,577	30,38,000
21-Jun-12	31,722	2,89,000
20-Jun-12	62,063	5,36,000
19-Jun-12	96,952	7,99,000
18-Jun-12	1,42,795	11,75,000
15-Jun-12	94,958	8,03,000
14-Jun-12	1,06,378	9,08,000
13-Jun-12	36,522	3,24,000
12-Jun-12	27,943	2,46,000
11-Jun-12	1,15,246	10,32,000
8-Jun-12	1,67,276	14,42,000
7-Jun-12	2,45,483	21,65,000
6-Jun-12	2,46,452	21,80,000
5-Jun-12	37,443	3,22,000

Date	Traded Quantity	Turnover in ₹
4-Jun-12	54,432	4,60,000
1-Jun-12	1,76,079	15,04,000
31-May-12	57,059	4,82,000
30-May-12	64,580	5,70,000
29-May-12	3,04,316	26,93,000
28-May-12	1,28,401	10,78,000
25-May-12	1,33,282	11,10,000
24-May-12	64,214	5,38,000
23-May-12	1,04,782	8,70,000
22-May-12	54,740	4,61,000
21-May-12	2,33,344	19,75,000
18-May-12	1,79,958	15,07,000
17-May-12	1,55,153	13,20,000
16-May-12	3,07,033	26,11,000
15-May-12	92,436	8,01,000
14-May-12	1,02,717	9,05,000
11-May-12	1,44,165	12,78,000
10-May-12	2,11,083	19,42,000
9-May-12	1,99,725	18,07,000
8-May-12	97,348	8,85,000
7-May-12	2,22,681	20,10,000
4-May-12	1,93,746	17,94,000
3-May-12	1,22,833	11,62,000
2-May-12	2,38,009	23,41,000
30-Apr-12	1,43,155	13,94,000
28-Apr-12	8,863	85,000
27-Apr-12	2,25,462	21,09,000
26-Apr-12	1,31,027	12,59,000
25-Apr-12	81,780	8,00,000
24-Apr-12	1,23,759	12,18,000
23-Apr-12	2,76,051	27,89,000
Total	78,82,223	7,19,49,000
Volume Weighted Average Market Price (Total Turnover divided by Total Traded Quantity)		9.13

- 5.1.7. There have been no corporate actions in the Target Company warranting adjustment of relevant price parameters.
- 5.1.8. In the event of acquisition of Equity Shares by the Acquirers and/or PAC during the offer period, whether by subscription or purchase, at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of regulation 8(8) of the SEBI (SAST) Regulations, 2011. However, the Acquirers will not acquire any Equity Share after the third working day prior to the commencement of the tendering period and until the expiry of the Tendering Period.
- 5.1.9. The Offer Price will be adjusted by the Acquirers and PAC in consultation with the Manager to the Offer, for corporate actions such as issuances pursuant to rights issue, bonus issue, stock consolidations, stock splits, payment of dividend, de-mergers and reduction of capital, where record date for effecting such corporate action falls prior to three Working Days before the

commencement of Offer Period.

- 5.1.10. If the Acquirers and/or PAC acquire Equity Shares during the period of 26 weeks after the Tendering Period at a price higher than the Offer Price, then the Acquirers/PAC shall pay the difference between the highest acquisition price and the Offer Price, to all Shareholders whose shares have been accepted in Offer within sixty days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under an open offer under the SEBI (SAST) Regulations, or pursuant to SEBI (Delisting of Equity Shares) Regulations, 2009, or open market purchases made in the ordinary course on the Stock Exchanges, not being negotiated acquisition of Equity Shares in any form.
- 5.1.11. As on date of this LOF, there is no revision in Offer Price or Offer Size. In case of any revision in the Offer Price or Offer Size, the Acquirers shall comply with regulation 18 of SEBI (SAST) Regulations, 2011 and all the provisions of SEBI (SAST) Regulations, 2011 which are required to be fulfilled for the said revision in the Offer Price or Offer Size.
- 5.1.12. If there is any revision in the Offer Price on account of future purchases, it will be done only up to the period prior to three Working Days before the date of commencement of the Tendering Period and would be notified to the Shareholders.

5.2. Financial Arrangements

- 5.2.1. The total funding requirement for the Offer (assuming full acceptances) i.e. for the acquisition of up to 27,15,74,809 Equity Shares at an Offer Price of ₹11.65 per Equity Share is ₹ 316,38,46,525 (Rupees Three Hundred and Sixteen Crores Thirty Eight Lakhs Forty Six Thousand and Five Hundred and Twenty Five only) (hereinafter referred to as "**Offer Consideration**").
- 5.2.2. The Acquirers and PAC have adequate resources and have made firm financial arrangements for financing the acquisition of the Equity Shares under the Offer, in terms of regulation 25(1) of the SEBI (SAST) Regulations, 2011. The Acquirers have arranged the funds required for meeting its obligation in the Open Offer from its own resources and/or from the financial support extended by PAC.
- 5.2.3. The Acquirers, the Manager to the Offer and ICICI Bank Limited, a banking corporation incorporated under the laws of India and having one of its branch offices at Mumbai Samachar Marg, Fort Mumbai – 400 001, have entered into an escrow agreement dated July 16, 2012 for the purpose of opening an escrow account in accordance with regulation 17 of the SEBI (SAST) Regulations, 2011. The Acquirers have deposited cash of an amount of ₹ 3.17 crores (being in excess of 1% of the Offer Consideration) in an escrow account.
- 5.2.4. The Acquirers have authorized the Manager to the Offer to realize the value of the escrow account in terms of the SEBI (SAST) Regulations, 2011.
- 5.2.5. The Acquirers have also furnished a bank guarantee of an amount of ₹ 80.00 crores (being in excess of 25% of the Offer Consideration) from Ratnakar Bank, Unit 3 & 4, Rahimtullah House, Homji Street, Fort, Mumbai – 400 001, in favor of Manager to the Offer ("**Bank Guarantee**"). The Manager to the Offer has been duly authorised to realize the value of the aforesaid Bank Guarantee in terms of the SEBI (SAST) Regulations, 2011. The Bank Guarantee is valid upto January 17, 2013. The Acquirers undertake that in case the offer process is not completed within the validity of Bank Guarantee, then the Bank Guarantee will be further extended at least upto 30th day from the date of completion of payment of Offer Consideration. The Ratnakar Bank is not an associate or in the group of the Acquirers, PAC or the Target Company.
- 5.2.6. Mr. Sunil Todarwal, Membership no 32512, partner of Todarwal & Todarwal, Chartered Accountants having its office at 12, Maker Bhavan No. 3, 1st Floor, 21, New Marine Lines,

Mumbai - 400 020, Tel: +91-22-22068264, Fax: +91-22-22069345, has vide its letter dated July 18, 2012 certified that the Acquirers have sufficient resources to make the fund requirement for fulfilling all the obligations under the Offer.

- 5.2.7. Based on the above and in the light of the escrow arrangement, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirers and PAC to fulfill their obligations through verifiable means in relation to the Offer in accordance with the SEBI (SAST) Regulations, 2011.

6. Terms and Conditions of the Offer

6.1. Operational terms and conditions

- 6.1.1. The Offer is not subject to any minimum level of acceptances from Shareholders.
- 6.1.2. The Letter of Offer along with Form of Acceptance cum Acknowledgement will be mailed to all Eligible Shareholders whose name appear on the Register of Members and to the beneficial owners of the shares of the LSIL whose names appear on the beneficial records of the Depository Participant, at the close of business hours on October 9, 2012 ("**Identified Date**").
- 6.1.3. Eligibility for accepting the Offer: All owners of the shares, registered or unregistered (except Acquirers, PAC and Existing Promoters) who own the Equity Shares any time prior to the closing of the Offer are eligible to participate in the Offer as per the procedure set out in para 7 below. No indemnity is required from the unregistered owners.
- 6.1.4. Eligible Shareholders can participate in the Offer by offering their shareholding in whole or in part.
- 6.1.5. Accidental omission to dispatch the LOF or the non-receipt or delayed receipt of LOF will not invalidate the Offer in any manner whatsoever.
- 6.1.6. The Offer is subject to the terms and conditions set out in this LOF, DLOF, Form of Acceptance cum Acknowledgement, PA, DPS and any other public announcements that may be issued with respect to the Offer
- 6.1.7. Subject to the conditions governing this Offer, as mentioned in this LOF, the acceptance of this Offer by the Shareholder(s) must be absolute and unqualified. Any acceptance to the Offer, which is conditional or incomplete, is liable to be rejected without assigning any reason whatsoever.
- 6.1.8. The Shareholders who tender their Equity Shares under this Offer shall ensure that the Equity Shares are free and clear from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends, bonus and rights declared thereafter.
- 6.1.9. The Acquirers reserve the right of upward revision to the Offer Price or to the number of Equity Shares sought to be acquired under the Open Offer at any time upto the last three Working Days before the commencement of Tendering Period in terms of regulation 18(4) of the SEBI (SAST) Regulations, 2011. The Open Offer Price, if and as revised, would be paid by the Acquirers for all the Shares tendered any time during the Tendering Period and accepted under the Offer. In the event of any such revision, the Acquirers will (i) make corresponding increases to the amount kept in escrow pursuant to regulation 17 of SEBI (SAST) Regulations, 2011; (ii) make an announcement in respect of such revision in all the newspapers in which the DPS was published; and (iii) simultaneously with the issue of such announcement in (ii) above, inform SEBI, Stock Exchanges and Target Company.

- 6.1.10. Shareholders who have accepted the Open Offer by tendering their Shares and requisite documents in terms of the PA, DPS and the Letter of Offer are not entitled to withdraw such acceptance during the Tendering Period for the Open Offer.
- 6.1.11. The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgment constitute an integral part of the terms of this Open Offer.
- 6.1.12. The Acquirers shall, within a period of ten Working Days from the last date of the Tendering Period of the Open Offer, complete all requirements under the SEBI (SAST) Regulations, 2011 and other applicable law relating to the Open Offer including payment of consideration to the Shareholders who have validly tendered their acceptance to the Open Offer and for that purpose open a special account as provided under regulation 21(1) of the SEBI (SAST) Regulations, 2011.
- 6.1.13. The acceptance of the Open Offer is entirely at the discretion of the Shareholders. The Acquirers will not be responsible for any loss of share certificate(s) and Open Offer acceptance documents during transit and the Shareholders are advised to adequately safeguard their interests in this regard.
- 6.2. **Locked-in shares:** As on Identified Date i.e. October 9, 2012, there are 32,30,72,341 Equity Share subject to lock-in obligations as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, which include 16,30,00,000 Equity shares held by the Acquirers. There shall be no discrimination in the acceptance of locked in and non-locked in shares in the Offer.
- 6.3. **Statutory Approvals and conditions of the Offer:**
- 6.3.1. The Offer is subject to the approvals from CCI. The Acquirers have received the CCI approval vide order dated October 4, 2012 under section 31(1) of the Competition Commission Act, 2002.
- 6.3.2. Except as stated in para 6.3.1 above, as on the date of this LOF, there are no other statutory approvals and/ or consents required, to the best of the knowledge of the Acquirers. If any other statutory approvals are required or become applicable prior to completion of the Offer, the Offer would be subject to the receipt of such other statutory approvals. The Acquirers and PAC will not proceed with the Offer in the event that such statutory approvals that are required are refused in terms of regulation 23(1) of the SEBI (SAST) Regulations, 2011.
- 6.3.3. The Offer is subject to the fulfillment of the conditions precedent and other conditions as provided in the IA including but not limited to the unconditional approval of the CCI, the approval of Stock Exchanges for listing of the shares to be allotted under the proposed preferential allotment, amendment of the articles of association of the Target Company incorporating the salient terms of the IA, receipt of various approvals and consents. In terms of regulation 23(1) of the SEBI (SAST) Regulations, 2011, if such conditions precedent and other conditions are not satisfactorily fulfilled, the Offer would stand withdrawn.
- 6.3.4. The Target Company has applied to the lenders of the Target Company for their approval for the Preferential Allotment and the change in control and management of the Target Company and applied to other third parties for requisite approvals.
- 6.3.5. ARCIL, one of the lenders and the Shareholder had filed a suit before the Bombay High Court to restrict the Target Company from making the Preferential Allotment. Subsequent to the settlement between ARCIL, Target Company, Mr. Mukesh Gupta, Mr. Rajesh Gupta and Mr. B. L. Agarwal, the suit was withdrawn by ARCIL. For further details, please refer to para 8.1 of this LOF.
- 6.3.6. In case of delay in receipt of any statutory approval, SEBI may, if satisfied that delay in receipt of the requisite approvals was not due to any willful default or neglect of the Acquirers or failure of

the Acquirers to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the Shareholders as directed by SEBI, in terms of regulation 18(11) of the SEBI (SAST) Regulations, 2011. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, regulation 17(9) of the SEBI (SAST) Regulations, 2011 will also become applicable and the amount lying in the Escrow Account shall become liable to forfeiture.

7. Procedure for Acceptance and Settlement of the Offer

- 7.1. The Shareholders who qualify and who wish to avail of this Offer will have to send/deliver Form of Acceptance cum Acknowledgement duly signed along with all the relevant documents to the Registrar to the Offer at the following address:

Bigshare Services Private Limited

E-2 Ansa Industrial Estate, Sakivihar Road, Saki Naka,
Andheri (East), Mumbai 400 072 India

Tel: +91 22 4043 0200

Fax: +91 22 2847 5207

E-mail: openoffer@bigshareonline.com

Contact Person: Mr. Malla S

Acceptances may be sent by registered post, courier or by hand delivery so as to reach the Registrar to the Offer on or before the Closing of the Offer, i.e. November 7, 2012.

Shareholders may send their acceptances by hand delivery at below mentioned timings accordingly:

Working days	Timings
Monday to Friday	10.00 a.m. to 4.30 p.m.
Saturday	10.00 a.m. to 1.00 p.m.

Delivery made by registered post would be received on all working days except Sunday & Public Holidays in Mumbai.

- 7.2. Shareholders who wish to tender their Equity Shares under this Offer should enclose the following documents duly completed. Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of which the application is being sent.

7.2.1. For Equity Shares held in physical form:

7.2.1.1. Registered Shareholders should enclose:

- Form of Acceptance cum Acknowledgement duly completed & signed in accordance with the instructions contained therein, by all Shareholders whose names appear in the share certificate(s);
- Original share certificates;
- Valid share transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with LSIL and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with the LOF.

7.2.1.2. Unregistered owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed & signed in accordance with the instructions contained therein.
- Original share certificate(s)
- Original broker contract note.
- Valid share transfer form(s) as received from the market. The details of the buyer should

be left blank failing which the same will be invalid under the Offer. All other requirements for valid transfer will be preconditioned for acceptance.

- In case the share certificate(s) and the transfer form(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and the transfer form(s)
- No indemnity is required from unregistered Shareholders.

7.2.2. For Equity Shares held in Demat Form:

Beneficial owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed & signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depositories.
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by DP in favour of the Special Depository Account (please refer to para 7.3) before the close of the business hours on November 7, 2012.

7.3. The Registrar to the Offer, Bigshare Services Private Limited, has opened a Special Depository Account. The details of the Special Depository Account are as follows:

Account Name	BSPL ESCROW A/C LSL Open Offer
Depository	NSDL
DP Name	HDFC Bank Limited
DP ID	IN301549
Mode	Off Market
Client ID	35927633

Shareholders having their beneficiary account in the CDSL have to use inter depository delivery instruction for the purpose of crediting their Equity Shares in favour of Special Depository Account with NSDL.

7.4. For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance cum Acknowledgement. In the case of Equity Shares in demat form, the Shareholders are advised to ensure that their Equity Shares are credited in favour of Special Depository Account, before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such demat Equity Shares not credited in favour of the Special Depository Account before the closure of the Offer is liable to be rejected.

7.5. The share certificate(s), share transfer form, Form of Acceptance cum Acknowledgement and other documents, if any should be sent only to the Registrar to the Offer, as mentioned above.

7.6. The shares and other relevant documents should not be sent to the Manager to the Offer or the Acquirers, PAC or the Target Company.

7.7. In case of non-receipt of the Letter of Offer: The Public Announcement, Detailed Public Statement, Draft LOF, LOF, Form of Acceptance Cum Acknowledgement will be available on SEBI website at www.sebi.gov.in. The eligible persons can download these documents from the SEBI's website & apply using the same or obtain a copy of Letter of Offer by writing to the Registrar to the Offer or Manager to the Offer superscribing the envelope “Lloyds Steel Industries Limited -Open Offer” with suitable documentary evidence of ownership of Equity Shares. Further:

7.7.1. In case of (a) unregistered and registered Shareholders holding Equity Shares in physical form, (b) Shareholders who have sent the Equity Shares to the Target Company for transfer:

They may send their consent to participate in the Offer, to the Registrar to the Offer, on a plain paper stating the name & address of the first holder, name(s) & address(s) of joint holders, if any, registered folio number, share certificate number, distinctive numbers, number of the Equity Shares held, number of the Equity Shares offered along with documents as mentioned in para 7.2.1 so as to reach the Registrar to the Offer on or before closure to the Offer i.e. November 7, 2012. No indemnity is needed from the unregistered Shareholders.

7.7.2. In case of Shareholders holding Equity Shares in the dematerialized form:

The beneficial owners may send their applications in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of Equity Shares held, number of Equity Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by DP in favour of special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer, i.e. November 7, 2012.

- 7.8. Applications in respect of Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/ restriction from other statutory authorities wherein the Shareholders may be prohibited from transferring the Equity Shares during the pendency of the said litigation are liable to be rejected if the directions/ orders regarding these Equity Shares are not received together with the Equity Shares tendered under the Offer.
- 7.9. The consideration received by the Shareholders for Equity Shares accepted in the Offer will be subject to the capital gains tax / deduction of tax at source applicable as per the Income Tax Act, 1961 ("**Income Tax Act**"). Further, the securities transaction tax will not be applicable on Equity Shares accepted in this Offer.
- 7.10. While tendering the Equity Shares under the Offer, NRIs/Foreign Institutional Investors (FIIs)/OCBs and other foreign Shareholders will be required to submit the previous RBI approvals (specific or general) that they would have been required to submit to acquire the Equity Shares. In case the previous RBI approvals are not submitted, Acquirers reserve the right to reject such Equity Shares tendered.
- 7.11. While tendering shares under the Offer, NRI / foreign Shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income Tax Act, before remitting the consideration. In case the aforesaid Tax Clearance certificate is not submitted, Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.
- 7.12. As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act payable to a FIIs as defined in Section 115AD of the Income Tax Act.
- 7.13. The Acquirers shall complete all procedures relating to the Offer including payment of consideration to the Shareholders by November 23, 2012. In case of delay in receipt of any statutory approval, SEBI may, if satisfied that delay receipt of the requisite approvals was not due to any willful default or neglect of the Acquirers or failure of the Acquirers to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the Shareholders as directed by SEBI, in terms of regulation 18(11) of the SEBI (SAST) Regulations, 2011.
- 7.14. Payment of consideration will be made by crossed account payee cheques /demand drafts / pay orders / Direct Credit ("**DC**")/National Electronic Clearance System ("**NECS**")/ Electronic Clearing Services ("**ECS**")/ National Electronic Funds Transfer ("**NEFT**")/ Real Time Gross Settlement ("**RTGS**") mode of payment to those Shareholders / unregistered owners & at their sole risk, whose

shares/ share certificates & other documents are found in order & accepted by Acquirers in part or in full. In case of joint holders, payment will be in the name of first holder. In case of unregistered owners of Shares, payment will be made in the name of the person stated in the contract note. It is advised that Shareholders holding Equity Shares in physical form should provide bank details in the Form of Acceptance cum Acknowledgement, so that same can be incorporated in any of the above mentioned payment modes. For Equity Shares that are tendered in dematerialised form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the payment shall be processed with the said bank particulars, and not any details provided in the Form of Acceptance cum Acknowledgment. In case of Shareholders holding Equity Shares in physical form, if the bank account details are not provided, then the consideration will be dispatched in the name of the sole/first named holder at his registered address (at their own risk).

- 7.15. For Shareholders who do not opt for electronic mode of transfer or whose payment consideration is rejected/ not credited through DC/NECS/ECS/NEFT/RTGS, due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through registered post at the Shareholder's sole risk.
- 7.16. In case the Equity Shares tendered in the Offer by the Shareholders are more than the Equity Shares to be acquired under the Offer, the acquisition of shares from each Shareholder will be on proportionate basis which would be determined in consultation with the Manager to the Offer so as to ensure that the basis of acceptance is decided in a fair and equitable manner. Provided that the acquisition of the Equity Shares from the Shareholders shall not be less than the minimum marketable lot. The marketable lot for Equity Shares of LSIL is 1 (one) equity share.
- 7.17. Unaccepted share certificates, transfer forms & other documents, if any, will be returned by registered post at the shareholders/ unregistered owners sole risk to the sole / first Shareholder. Equity Shares held in Demat Form to the extent not accepted will be credited back to the beneficial owners depository account with the respective DP as per the details furnished by the beneficial owners.
- 7.18. The Registrar to the Offer will hold in trust the share certificates, Equity Shares lying in credit of the Special Depository Account, Form of Acceptance cum Acknowledgement and the transfer form/s on behalf of the Shareholders of Target Company who have accepted the Offer, till the payment consideration and/or the unaccepted shares/share certificates are despatched/returned/credited.
- 7.19. In case any person has tendered his physical Equity Shares for dematerialization and such dematerialization has not yet been effected, the concerned Shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialization request form acknowledged by Shareholders DP. Such Shareholders should ensure the credit of the shares to the Special Depository Account on or before closure of the Open Offer.
- 7.20. In case the Shareholder has already sold his Equity Shares, he may kindly forward this Offer document to the transferee or to the broker through whom the shares were sold. In case the shares were sold directly, this document may be forwarded to the purchaser of Equity Shares.

8. Miscellaneous

- 8.1. ARCIL, one of the lenders and the Shareholder of the Target Company had moved before the Bombay High Court alleging that the Preferential Allotment by the Target Company does not meet one of the terms set out in the letter of intent for restructuring of debt to the Target Company, particularly, pricing of Equity Shares through Preferential Allotment. Subsequently, ARCIL and Target Company alongwith Mr. Mukesh Gupta, Mr. Rajesh Gupta and Mr. B. L. Agarwal have mutually agreed for settlement and modified certain terms set out in the letter of intent. The settlement between the parties was intimated to Bombay High Court on August 27, 2012 and Bombay High Court has therefore allowed the withdrawal of the suit filed by ARCIL.

9. Documents for Inspection

The following material documents are available for inspection to the Shareholders at the office of the Manager to the Open Offer at Centrum Capital Limited, Centrum House, CST Road, Vidya Nagari Marg, Kalina, Santacruz (East), Mumbai - 400 098, between 10:30 a.m. and 4:00 p.m. on all Working Days till the closure of the Open Offer, i.e. November 7, 2012:

- 9.1. Copy of Certificate of incorporation, Memorandum and Articles of Association of the Acquirers.
- 9.2. Copy of the certificate issued by Tadarwal & Tadarwal, Chartered Accountant, Registration Number 111009W dated July 18, 2012, certifying the adequacy of financial resources with the Acquirers and PAC to fulfill its obligations under the Open Offer.
- 9.3. Copy of Audited annual reports of the Acquirers and PAC for FY 2010, 2011 and 2012.
- 9.4. Copy of Audited annual reports of the Target Company for FY 2010, 2011 and 2012.
- 9.5. Copy of the letter dated July 19, 2012, issued by the Escrow Bank, confirming the amounts kept in the Escrow Account and a lien in favour of the Manager to the Open Offer.
- 9.6. A Copy of Investment Agreement dated July 14, 2012 (IA), which triggered the Open Offer.
- 9.7. A copy of Public Announcement dated July 14, 2012, published copy of the Detailed Public Statement dated July 19, 2012, issue opening public announcement.
- 9.8. Copy of the recommendation of the committee of independent directors of the Board, as required under regulation 26(7) of the SEBI (SAST) Regulations, 2011.
- 9.9. Copy of Escrow Agreement dated July 16, 2012 entered into amongst the Acquirers, the Manager to the Offer and the Escrow Bank.
- 9.10. Copy of letter number CFD/DCR/22523/12 from SEBI dated October 8, 2012 containing its comments on the DLOF.
- 9.11. Copy of agreement dated July 17, 2012 between the Registrar to the Open Offer and HDFC Bank Limited as DP for opening the Special Depository Account for the purposes of the Offer.
- 9.12. Copy of the bank guarantee for ₹ 80.00 crores issued by Ratnakar Bank located at Mumbai in favour of the Manager to the Open Offer.

10. Declaration by the Acquirers and PAC

10.1.The Acquirers and PAC accept full responsibility for the information contained in this LOF.

10.2.Each of the Acquirers and PAC shall be, severally and jointly, responsible for ensuring compliance with the provisions of the SEBI (SAST) Regulations, 2011 and for their obligations laid down in the SEBI (SAST) Regulations, 2011.

On behalf of

Ultimate Logistics Solutions Private Limited Metallurgical Engineering and Equipments Limited

**Sd/-
Authorized Signatory**

**Sd/-
Authorized Signatory**

Ushdev International Limited

**Sd/-
Authorized Signatory**

Place: Mumbai

Date: October 10, 2012

*Enclosed: 1) Form of Acceptance-cum-Acknowledgement
2)Transfer Deed (for physical shareholders only)*

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

LLOYDS STEEL INDUSTRIES LIMITED – OPEN OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form of Acceptance-cum-Acknowledgement with enclosures to Registrar to the Offer as mentioned in the Letter of Offer)
(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

From,

Folio No./DP ID No./Client ID No.:

Name:

Address:

Tel No.

Email:

Fax.

To,

The Acquirers - Ultimate Logistics Solutions Private Limited & Metallurgical Engineering and Equipments Limited

C/o. Bigshare Services Private Ltd

Unit: LSIL – Open Offer

E-2 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072

Dear Sir/Madam,

Sub: Open Offer for acquisition of equity shares of Lloyds Steel Industries Limited (“LSIL” or “Target Company”) by Ultimate Logistics Solutions Private Limited and Metallurgical Engineering And Equipments Limited (together referred to as “Acquirers”) along with Ushdev International Limited as person acting in concert with the Acquirers.

I/We refer to the Public Announcement dated July 14, 2012, Detailed Public Statement dated July 19, 2012 and Letter of Offer for acquiring the equity shares held by me/us in LSIL.

I/We, the undersigned have read the Public Announcement, Detailed Public Statement and Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

SHARES HELD IN PHYSICAL FORM

I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Sr. No.	Folio No.	Certificate No.	Distinctive Nos.		No. of shares
			From	To	
Total number of equity shares					

(In case of space provided is inadequate, please attach a separate sheet with details and authenticate the same)

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirers dispatch the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

SHARES HELD IN DEMAT FORM

I/We holding shares in the dematerialised form, accept the Offer and enclose photocopy of the Delivery Instruction in “Off-market” mode duly acknowledged by my/our Depository Participant (“DP”) in respect of my/our shares as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of shares

I/We have executed an off-market transaction for crediting the shares to the special depository account as per the details below:

via a delivery instruction from my account in NSDL

----- TEAR ALONG THIS LINE -----

Acknowledgement Slip

LLOYDS STEEL INDUSTRIES LIMITED – Open Offer

Sr.No.

(To be filled in by the shareholders) (Subject to verification)

Received from Mr./Mrs./M/s _____

Address _____

Physical shares: Folio No. _____ / Demat Shares: DP ID _____; Client ID: _____

Form of Acceptance-cum-Acknowledgement along with (Tick wherever is applicable):

Physical Shares: No. of shares _____; No. of certificates enclosed _____

Demat Shares: Copy of delivery instruction for _____ number of shares enclosed

Signature of Official	Date of Receipt	Registrar's Stamp

via an inter-depository delivery instruction from my account with CDSL

DP Name	HDFC Bank Limited
Account Name	BSPL ESCROW A/C LSL Open Offer
DP ID	IN301549
Client ID	35927633
ISIN	INE292A01015
Market	Off-market
Date of credit	On or before November 7, 2012

I/We note and understand that the shares would lie in the Special Depository Account until the time the Acquirers dispatch the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

I/We confirm that the equity shares of LSIL, which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever. I/We are not debarred from dealing in shares.

I/We authorize the Acquirers to send by registered post as may be applicable at my/our risk, crossed account payee cheques/ demand drafts/ NEFT/ RTGS/ Direct Credit/ National Electronic Clearance Service, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned above.

In case I/We have tendered my Shares in dematerialized form, I/We authorize the Acquirers and the Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirers to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/we further authorize the Acquirers to return to me/us, share certificate(s)/shares in respect of which the offer is not found valid/not accepted.

I/We authorize the Acquirers to accept the shares so offered or such lesser number of shares that it may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirers to split / consolidate the share certificates comprising the shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirers is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

The Permanent Account No. (PAN/GIR No.) Allotted under the Income Tax Act, 1961 is as under.

	First/Sole Holder	Joint Holder 1	Joint Holder 2
PAN			

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For shares that are tendered in demat form, the bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the warrants will be issued with the said Bank particulars, and not any details provided herein.

Sr.No.	Particulars Required	Details
1	Bank Name	
2	Complete Address of the Bank	
3	Account Type	
4	Account No	
5	9 Digit MICR Code	
6	IFSC Code (for RTGS/NEFT/NECS transfers)*	

*With IFSC code please attach a cancelled cheque

For all shareholders (other than FII and FII sub-accounts)

Enclosures (Please tick as appropriate, if applicable)

- Duly attested Power of Attorney, if any person other than the shareholder has signed the acceptance form or transfer deeds(s)
- Corporate Authorization in case of companies along with Board Resolution & Specimen Signatures of Authorised Signatories.

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No./DP ID/ Client ID:

**Bigshare Services Private Ltd.
(Unit: LSIL – Open Offer)**

E-2 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072;
Tel: +91-22-40430200, Fax: +91-22-28475207; E-mail: openoffer@bigshareonline.com; Contact Person: Mr. Malla S

- Duly attested Death Certificate/ Succession Certificate (in case of single shareholder) in case original shareholder has expired.
- Copy of Permanent Account Number (PAN)
- Certificate from Income-Tax Authorities under the Income-Tax Act, 1961, wherever applicable
- Others(please specify) _____

For non-resident shareholders (other than FII and FII sub-accounts)

I / We, confirm that the shares of LSIL are held by me / us is to be deducted on *(select whichever is applicable in your case)*

- Long-Term capital gains
- Short –Term capital gains

I / We, have enclosed the following documents

- RBI approvals for holding shares of LSIL hereby tendered in the Offer
- No Objection Certificate / Tax Clearance Certificate under Income Tax Act, 1961
- Self attested copy of Permanent Account Number (PAN)

In order to avail the benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence.

For FII and FII sub-account Shareholders

I / We, confirm that the shares of LSIL are held by me /us is to be deducted on *(select whichever is applicable in your case)*

- Investments/Capital Account
- Trade Account

I / We, have enclosed the following documents

- RBI approvals for holding shares of LSIL hereby tendered in the Offer
- No Objection Certificate / Tax Clearance Certificate under Income Tax Act, 1961
- Self attested copy of Permanent Account Number (PAN)
- SEBI registration certificate for FII (including sub-account of FII)

In case the shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the Double Taxation Avoidance Agreement (DTAA) entered into between India and your country of residence. In order to avail the benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a certificate stating that you are a tax resident of your county of in terms of the DTAA entered into between India and your country of residence.

Where the tax is to be deducted on account of long-term capital gains, the shareholders should submit a certificate from a Chartered Accountant (along with proof such as demat account statement) certifying that the shares have been held for more than a year. In order to avail the benefit of computation of tax liability on the net capital gains (i.e. after reducing the cost of acquisition of shares), the shareholder should obtain a tax clearance certificate from the assessing officer certifying the net income chargeable to capital gains tax.

Alternatively, the shareholders can submit a certificate from a Chartered Accountant certifying the cost of acquisition/net income that will be chargeable to capital gains. In the absence of the above, tax would be deducted on the entire consideration paid to the shareholders.

Yours faithfully,

Signed and Delivered,

Signed & Delivered by	Full Name(s) of the Shareholder	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		

Note: In case of joint holdings all must sign. A Corporation must affix its common seal and necessary Board resolution should be attached.

Place:

Date:

SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCEPTANCE FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRARS AFTER THE CLOSE OF THE OFFER i.e. BY 4.00 P.M. ON NOVEMBER 7, 2012 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

INSTRUCTIONS

1. Please read the enclosed Letter of Offer carefully before filling this Form of Acceptance-cum-Acknowledgement.
2. The acceptance of the Offer is entirely at the discretion of the Eligible Shareholders. Each Eligible Shareholder to whom this Offer is being made is free to offer his/her shares in whole or in part while accepting the Offer.
3. Shareholders should enclose the following:
 - a. **For Equity shares held in demat form:**
 1. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant ('DP').
 2. Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
 3. For each delivery instruction, the beneficial owner should submit separate Form of Acceptance.
 4. In case of non-receipt of the Shares in the Special Depository Account, before the closure of the Offer i.e. November 7, 2012, the form of acceptance shall not be considered for acceptance in the Offer.
 - b. **For Equity shares held in physical form:**
 1. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
 2. Original Share Certificate(s)
 3. Valid Share Transfer form(s) duly signed as transferor(s), by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with LSIL and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with the Letter of Offer. Attestation, where required, (thumb impressions, signature difference, etc.) should be done by a magistrate, notary public or special executive magistrate or a similar authority holding a Public Office and authorized to use the seal of his Office.
 4. **Please do not fill in any other details in the transfer deed except name, signature and witness.**
Verification and Attestation, where required, (thumb impressions, signature difference, etc.) should be done by a magistrate, notary public or special executive magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
 - c. **Unregistered owners should enclose-**
 1. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
 2. Original Share Certificate(s).
 3. Original broker contract note.
 4. Valid Share Transfer form(s) as received from the market leaving details of buyer blank. If the same is filled in then the Share(s) are liable to be rejected.
4. **In case of shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
5. **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
6. **The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to Bigshare Services Pvt Limited, the Registrar to the Offer and not to Centrum Capital Limited, the Manager to the Offer or the Acquirers of PAC or the Target Company.**
7. Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in favour of the special depository account with NSDL.
8. Non Resident shareholders will be required to submit a No Objection Certificate ("NOC") or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from Income Tax authorities under the Income Tax Act indicating the amount of tax to be deducted by the Acquirers before remitting the consideration. Failing which, the Acquirers will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category of shareholders on the entire consideration amount payable to such shareholders. Non-resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in LSIL.
9. Where the number of equity shares offered for sale by the Eligible Shareholders are more than the equity shares agreed to be acquired by the Acquirers under this Offer, the Acquirers shall accept the offers received from the Eligible Shareholders on a proportional basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that acquisition of Shares from an Eligible Shareholder shall not be less than the minimum marketable lot or the entire holding, if it is under the marketable lot.
10. **Rejection of Shares:**

If the Shares are rejected for any of the following reasons, the Shares will be returned to the sole / first named holder along with all the documents received from them at the time of submission. Please note that the following list is not exhaustive.

 - a. The signature(s) of the holder(s) do not match with the specimen signature(s) as per the records of Target Company;
 - b. The transfer deed is not complete or valid;
 - c. The number of Shares mentioned in the Form of Acceptance-cum-Acknowledgement does not tally with the actual physical share certificate(s) submitted or in case of dematerialized Shares, the Shares in the Form of Acceptance-cum-Acknowledgement do not tally with the instruction to the depository participant and the credit received in the special depository account;
 - d. The relevant documents, as applicable, as mentioned above are not submitted with the Form of Acceptance-cum-Acknowledgement. The Acquirers also reserves the right to reject such tenders from Shareholders, where the relevant documents are not submitted.