



## GALAXY SURFACTANTS LIMITED

Our Company was originally incorporated as a private limited company under the name "Galaxy Surfactants Private Limited" vide Certificate of Incorporation dated May 20, 1986 with registration number 39877, issued by the Registrar of Companies, Mumbai. Subsequently, our Company was converted into a Public Limited Company and the name of our Company was changed to "Galaxy Surfactants Limited" vide Certificate of Change of Name dated March 13, 1995 issued by the Registrar of Companies, Mumbai. The Corporate Identification Number of our Company is U39877MH1986PLC039877. For further details of our Company and change in our Registered Office, please refer to chapter titled "History and Certain Corporate Matters" on page 139 of the Draft Red Herring Prospectus.

**Registered and Corporate Office:** C-49/2, TTC Industrial Area, Pawne, Navi Mumbai – 400 703, Maharashtra, India. **Tel:** +91 - 22 - 2761 6666 / 6513 4444; **Fax:** +91 - 22 - 2761 5883 / 2761 5886;  
**Company Secretary and Compliance Officer:** Mr. Ganesh Kamath; **Tel:** +91 - 22 - 2761 6666 / 6513 4444; **Fax:** +91 - 22 - 2761 5883 / 2761 5886;  
**Email:** investorservices@galaxysurfactants.com, **Website:** www.galaxysurfactants.com

<b>OUR COMPANY IS PROMOTED BY MR. UNNATHAN SHEKHAR, MR. GOPALKRISHNAN RAMAKRISHNAN, MR. SHASHIKANT RAYAPPA SHANBHAG AND MR. SUDHIR DATTARAM PATIL</b>
<b>PUBLIC ISSUE OF 5,930,000 EQUITY SHARES OF GALAXY SURFACTANTS LIMITED ("OUR COMPANY" OR THE "ISSUER") OF Rs. 10/- EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE AGGREGATING TO Rs. [●] MILLION (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 25.07% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.</b>
<b>PRICE BAND: Rs. [●]/- TO Rs. [●]/- PER EQUITY SHARE OF FACE VALUE Rs. 10/- EACH.</b> <b>THE ISSUE PRICE IS [●] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED AT LEAST TWO (2) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.</b>
In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding ten (10) working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release and by indicating the change on the website of the Book Running Lead Managers ("BRLMs") and the terminals of the Syndicate. The Issue is being made through a Book Building Process wherein upto 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Our Company may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which one-third will be available for allocation to domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Price. In the event of under-subscription or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (including Mutual Funds), subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Any Bidder may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. For further details, please refer to chapter titled "Issue Procedure" on page 312 of the Draft Red Herring Prospectus.
<b>RISK IN RELATION TO THE FIRST ISSUE</b>
This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The Face Value of the Equity Shares is Rs. 10/- and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (has been determined and justified by the BRLMs and our Company as stated under the chapter titled "Basis for Issue Price" on page 90 of the Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.
<b>GENERAL RISKS</b>
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The Equity Shares issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India, nor does the Securities and Exchange Board of India guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the statements in the section titled "Risk Factors" on page 13 of the Draft Red Herring Prospectus.
<b>ISSUER'S ABSOLUTE RESPONSIBILITY</b>
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Red Herring Prospectus contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in the Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
<b>LISTING ARRANGEMENT</b>
The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approval from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. For purposes of this Issue, BSE shall be the Designated Stock Exchange.
<b>IPO GRADING</b>
The Issue has been graded by [●] and has been assigned the "[●]", through its letter dated [●]. For further details in this regard, please refer to the chapter titled "General Information" on page 42 of the Draft Red Herring Prospectus.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
 <b>MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED</b> 113/114, Bajaj Bhawan, 11th Floor, Nariman Point, Mumbai- 400 021, Maharashtra, India. Tel: + 91 22 3980 4380 Fax: + 91 22 3980 4315 E-mail: galaxy.ipo@motilaloswal.com Website: www.motilaloswal.com Investor Grievance Id: moiapredressal@motilaloswal.com Contact Person: Ms. Akshata Tambe SEBI Registration No.: INM000011005	 <b>CENTRUM CAPITAL LIMITED</b> Centrum House, CST Road, Vidyanaagari Marg, Kalina, Santacruz (East) Mumbai - 400098, Maharashtra, India Tel: +91 22 4215 9000 Fax: +91 22 4215 9707 E-mail: gsl.ipo@centrum.co.in Website: www.centrum.co.in Investor Grievance Id: igmbd@centrum.co.in Contact Person: Mr. Gaurav Saravgi / Ms. Rachna Nawhal SEBI Registration No.: INM000010445	 <b>LINK INTIME INDIA PRIVATE LIMITED</b> C -13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai - 400 078, Maharashtra, India. Tel: +91 22 2596 0320 Fax: +91 22 2596 0329 Email: gsl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sanjog Sud SEBI Registration No.: INR000004058

BID/ISSUE PROGRAMME	
<b>BID/ISSUE OPENS ON : [●]*</b>	<b>BID/ISSUE CLOSES ON : [●]#</b>

\* The Bid/Issue Period for Anchor Investors shall be one day prior to the Bid/Issue Opening Date.

# Our Company may decide to close the Bidding Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations.

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## SECTION I – DEFINITIONS AND ABBREVIATIONS

### DEFINITIONS AND ABBREVIATIONS

In the Draft Red Herring Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this Section.

Term	Description
“Galaxy”, “GSL”, “our Company”, “the Company”, “the Issuer Company”, “the Issuer”, “we”, “us” and “our”	Unless the context otherwise requires, refers to Galaxy Surfactants Limited, a public limited company incorporated under the Companies Act, having its registered office at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai – 400 703, Maharashtra, India.
Our Promoter(s) / Promoter Director(s)	Unless the context otherwise requires, refers to Mr. Unnathan Shekhar, Mr. Gopalkrishnan Ramakrishnan, Mr. Shashikant Rayappa Shanbhag and Mr. Sudhir Dattaram Patil.
Our Promoter Group	Includes such persons and entities constituting our Promoter Group in terms of Regulation 2(zb) of the SEBI (ICDR) Regulations, 2009
Our Group Entities	Includes those companies, firms, ventures, promoted by our promoters, irrespective of whether such entities are covered under section 370 (1)(B) of the Companies Act, 1956 and disclosed in the chapter titled “Our Promoters and Group Companies” on page 168 of the Draft Red Herring Prospectus.
Our Subsidiary (s)	Galaxy Chemicals Inc. (“GC US”), Galaxy Holdings (Mauritius) Limited (“GHML”)
Our 100% Step-Down Subsidiary(s)	Galaxy Chemicals (Egypt) S.A.E (“GC Egypt”), Rainbow Holdings GmbH (“RH”), TRI-K Industries Inc. (“TRI-K”) and Maybrook Inc (“Maybrook”).
Registered and Corporate Office	The registered office of our Company, located at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai – 400 703, Maharashtra, India.
“you”, “your” or “yours”	Prospective investors in this Issue.

### GENERAL / CONVENTIONAL TERMS

Term	Description
Articles of Association	The articles of association of our Company, as amended from time to time.
Auditors	The statutory auditors of our Company, being M/s. P. D. Kunte & Co, Chartered Accountants.
Board of Directors / Board	The Board of Directors of our Company or a Committee thereof duly constituted.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant, as defined under the Depositories Act.
Director(s)	Unless otherwise specified, Director(s) of our Company
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed thereunder
Financial Year / Fiscal / FY	The period of twelve months ended March 31 of that particular year, unless specifically otherwise stated.
Indian GAAP	Generally accepted accounting principles in India.
IT Act	The Income Tax Act, 1961, as amended from time to time.
IT Rules	The Income Tax Rules, 1962, as amended from time to time.
Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time.
Non Resident	A “person resident outside India”, as defined under FEMA including FIIs.
NRI / Non-Resident Indian	A “person resident outside India”, as defined under FEMA and who is a citizen of India or is a person of Indian origin as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended

Term	Description
	from time to time, including circulars, instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations / Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.
U.S. GAAP	Generally accepted accounting principles in the United States of America.

#### ISSUE RELATED TERMS

Term	Description
Allocation	Allocation of Equity Shares, pursuant to this Issue.
Allotment	Allotment of Equity Shares, pursuant to this Issue.
Allottee	The successful Bidder to whom Equity Shares are being / have been allotted.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor category, who has Bid for Equity Shares amounting to at least Rs. 100 million.
Anchor Investor Bidding Date	The date one day prior to the Bid/Issue Opening Date, prior to or after which the BRLMs will not accept any Bids from the Anchor Investors.
Anchor Investor Price	The price at which the Equity Shares are allotted to the Anchor Investors under the Anchor Investor Portion in terms of the Red Herring Prospectus, which shall be higher than or equal to the Issue Price, but not higher than the Cap Price.
Anchor Investor Portion	Up to 889,500 Equity Shares representing 30% of the QIB Portion, available for allocation to Anchor Investors on a discretionary basis at the Anchor Investor Price in accordance with the SEBI (ICDR) Regulations.
Applications Supported by Blocked Amount (ASBA)	Applications Supported by Blocked Amount (ASBA) means an application, whether physical or electronic, used by the Bidder to make a Bid authorizing a SCSB to block the Bid Amount in their specified bank account maintained with the SCSB.
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which will be blocked to the extent of the appropriate Bid Amount.
ASBA Form	The application form, whether physical or electronic, in terms of which an ASBA Bidder shall make a Bid containing an authorisation to block the Bid Amount in an ASBA Account and which will be considered as an application for Allotment pursuant to the terms of the Red Herring Prospectus.
ASBA Investor / ASBA Bidder	A prospective investor in this Issue who intends to apply through the ASBA process.
Basis of Allotment / Basis of Allocation	The basis on which the Equity Shares will be allocated as described in the paragraph titled “Issue Procedure–Basis of Allocation” on page 338 of the Draft Red Herring Prospectus.
Bankers to the Issue	[●]
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder (including an ASBA Bidder), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bidder(s)	Any prospective investor who makes a Bid through the Bid-cum-Application Form or the ASBA Form, as the case may be, pursuant to the terms of the Red Herring Prospectus.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form / ASBA Form and payable by the Bidder
Bid-cum-Application Form	The form in terms of which the Bidder (other than an ASBA Bidder) makes a Bid and which will be considered as the application for Allotment.
Bid Price	The prices indicated within the optional Bids in the Bid-cum-Application Form.
Bid/Issue Opening Date	Except in relation to Anchor Investors, the date on which the members of the Syndicate and SCSBs shall start accepting Bids, which shall be the date notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and in case of any revision, the extended Bid/Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI (ICDR) Regulations.
Bid/Issue Closing Date	Except in relation to Anchor Investors, the date after which the members of the Syndicate and SCSBs will not accept any Bids, which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and in case of any revision, the extended Bid/Issue Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under

Term	Description
	the SEBI (ICDR) Regulations.
Bidding Centre	A centre for acceptance of the Bid-cum-Application Form.
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of both days) and during which Bidders, other than Anchor Investors can submit their Bids, inclusive of any revision thereof (except in the case of ASBA Bidders for whom no revision of Bids is permitted).
Book Building Process	The book building process as described in Schedule XI of the SEBI (ICDR) Regulations.
Book Running Lead Managers / BRLMs	Book running lead managers to the Issue, being Motilal Oswal Investment Advisors Private Limited and Centrum Capital Limited.
Confirmation of Allocation Note / CAN	The note or advice or intimation sent to the successful Bidders confirming the number of Equity Shares allocated to such Bidders after discovery of the Issue Price. In relation to Anchor Investors, the note or advice or intimation sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Price, including any revisions thereof.
Cap Price	The higher end of the Price Band and any revisions thereof above which no Bids will be accepted.
Centrum	Centrum Capital Limited
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in/">http://www.sebi.gov.in/</a> or at such other website as may be prescribed by SEBI from time to time.
Cut-Off Price	Any price within the Price Band finalised by our Company in consultation with the BRLMs. A Bid submitted at the Cut-off Price by a Retail Individual Bidder or an ASBA Investor who has Bid for Equity Shares for an amount less than or equal to Rs. 100,000 and is a valid Bid at all price levels within the Price Band.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms and a list of which is available on <a href="http://www.sebi.gov.in/">http://www.sebi.gov.in/</a> or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which the Escrow Collection Banks and the SCSBs transfer the funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Issue Account, in terms of the Red Herring Prospectus.
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	This draft red herring prospectus dated August 21, 2010 filed with SEBI and issued in accordance with the SEBI (ICDR) Regulations.
Equity Shares	Equity shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Eligible NRI	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof.
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount.
Escrow Agreement	An agreement to be entered among our Company, the Registrar, the Escrow Collection Banks, the Book Running Lead Managers and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Banks	The banks which are clearing members and registered with SEBI or bankers to the Issue with whom the Escrow Account will be opened, being [●]
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or the ASBA Form.
Floor Price	The lower end of the Price Band and any revisions thereof, which shall not be lesser than the face value of the Equity Shares; below which the Issue Price will not be finalised and below which no Bids will be accepted.
IPO Grading Agency	[●], the IPO grading agency appointed by our Company for grading this Issue.
Issue	Public Issue of 5,930,000 Equity Shares at the Issue Price aggregating to Rs. [●] million as per the terms of the Red Herring Prospectus.
Issue Price	The final price at which the Equity Shares will be allotted, as determined by our Company in consultation with the Book Running Lead Managers.

Term	Description
Motilal Oswal	Motilal Oswal Investment Advisors Private Limited
Mutual Fund Portion	That portion of the Issue, being 5% of the Net QIB Portion available for Allocation on a proportionate basis to Mutual Funds only.
Net Proceeds	The proceeds of the Issue after deducting the Issue related expenses
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors
Non – Institutional Bidders	All Bidders (including ASBA Bidders and Sub-Accounts which are foreign corporate or foreign individuals) that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than Rs. 100,000/-.
Non - Institutional Portion	The portion of this Issue being not less than 15% of the Issue consisting of 889,500 Equity Shares, available for allocation to Non-Institutional Bidders.
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in this Issue.
Pay-in Date	With respect to the Anchor Investors, a date not later than two days after the Bid/ Issue Closing Date.
Pay-in Period	For Bidders other than Anchor Investors, the period commencing on the Bid Opening Date and continuing till the Bid Closing Date, and with respect to Anchor Investors, the Anchor Investor Bidding Date.
Price Band	Price band of a minimum price (Floor Price) and the maximum price (Cap Price) and includes revisions thereof including any revision to such Floor Price or Cap Price as may be permitted by the SEBI (ICDR) Regulations. The Price Band will be decided by the Company in consultation with the BRLMs and advertised in one in English and Hindi national newspapers and one Marathi newspaper, each with wide circulation, at least two working days prior to the Bid/Issue Opening Date
Pricing Date	The date on which the Issue Price is finalised by our Company, in consultation with the Book Running Lead Managers.
Prospectus	The prospectus of our Company to be filed with the Registrar of Companies, Mumbai for this Issue post the Pricing Date in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI (ICDR) Regulations.
Public Issue Account	The bank account opened with the Bankers to the Issue by our Company under Section 73 of the Companies Act to receive money from the Escrow Accounts and the ASBA Accounts on the Designated Date.
Qualified Institutional Buyers / QIBs	A mutual fund, venture capital fund and foreign venture capital investor registered with SEBI; a foreign institutional investor and sub-account (other than a sub-account which is foreign corporate or foreign individual), registered with SEBI; a public financial institution as defined in Section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 250 million; and pension funds with minimum corpus of Rs. 250 million and National Investment Fund set up by resolution no. F. No. 2/3/2005- DDII dated November 23, 2005 of the Government of India published in the Gazette of India and Insurance funds set up and managed by Army, Navy or Air Force of the Union of India, eligible to Bid in the Issue
QIB Portion	The portion of the Issue being upto 50% of the Issue i.e. 2,965,000 Equity Shares available for allocation to QIB Bidder(s). The QIB Portion includes Anchor Investor Portion.
Red Herring Prospectus	The red herring prospectus to be issued by our Company in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI (ICDR) Regulations.
Refund Account(s)	The account opened with the Refund Banker(s), from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refund Banker(s)	The Bankers to the Issue with whom the Refund Accounts will be opened, in this case being [●].
Registrar of Companies / RoC	Registrar of Companies situated at Mumbai, Maharashtra
Registrar to the Issue	Link Intime India Private Limited



Term	Description
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) and Bidders in reserved category who have Bid for Equity Shares for an amount less than or equal to Rs. 1,00,000/- in the Issue
Retail Portion	The portion of this Issue, being not less than 35% of the Issue, consisting of 2,075,500 Equity Shares, being, available for Allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received at or above the Issue Price
Revision Form	The form used by the Bidders, except ASBA Bidders, to modify the number of Equity Shares or any Bid amount in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Self Certified Syndicate Bank / SCSB	A bank which is registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offers services in relation to ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/">http://www.sebi.gov.in/</a> or at such other website as may be prescribed by SEBI from time to time.
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
Syndicate Agreement	The agreement to be entered into among our Company and members of the Syndicate, in relation to the collection of Bids (excluding Bids from the ASBA Bidders).
Syndicate / members of the Syndicate / Syndicate Member(s)	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being [●].
Transaction Registration Slip / TRS	The slip or document issued by any of the members of the Syndicate, or the SCSBs, as the case may be, upon demand to a Bidder or an ASBA Bidder, as applicable, as proof of registration of the Bid.
Underwriters	The Book Running Lead Managers and the Syndicate Members.
Underwriting Agreement	The agreement to be entered into between the Underwriters, our Company, on or immediately after the Pricing Date.
Working Days	All days other than a Sunday or a public holiday (except in reference to the Anchor Investor Bidding Date, announcement of Price Band and Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

## ABBREVIATIONS

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CIN	Corporate Identification Number
CFO	Chief Financial Officer
Depositories	NSDL and CDSL
DIN	Director's Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP ID	Depository Participant's Identity
DSE	Designated Stock Exchange
EBITDA	Earnings Before Interest, Tax, Depreciation, Amortisation and extra ordinary items
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a Fiscal/period divided by the weighted average number of equity shares/potential equity shares during that Fiscal/period
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder, as amended
FEMA	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India)

Abbreviation	Full Form
Regulations	Regulations, 2000 and amendments thereto
FII	Foreign Institutional Investor, as defined in and registered under the FII Regulations
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, GoI
FVCI	Foreign Venture Capital Investor as defined in and registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GC Egypt	Galaxy Chemicals (Egypt) S.A.E
GDP	Gross domestic product
GDR	Global depository receipts
GHML	Galaxy Holdings (Mauritius) Limited
GIR Number	General index registry number
GoI	Government of India
GOIL	Galaxy Oleo Chem (India) Limited
GOPL	Galaxy Organics Private Limited
HSBC	The Hongkong and Shanghai Banking Corporation Limited
HUF	Hindu Undivided Family
IRR	Internal Rate of Return
IFC	International Financial Corporation
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
IRDA	The Insurance Regulatory and Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1999, as amended
IT	Information Technology
IT Department	Income Tax Department
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended
MICR	Magnetic Ink Character Recognition
MODVAT	Modified Value Added Tax
MoU	Memorandum of Understanding
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
N.A.	Not Applicable
NAV	Net Asset Value being paid-up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued equity shares outstanding at the end of the Fiscal
Net Worth	The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer Service
NR	Non Resident
NRE Account	Non-Resident (External) Account
NRO Account	Non-Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
p.a.	Per annum
PAN	Permanent Account Number allotted under the IT Act
P/E Ratio	Price / Earnings ratio
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
RoNW	Return on Net Worth



Abbreviation	Full Form
RTGS	Real Time Gross Settlement
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended from time to time
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time
VCFs	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations
VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended

## INDUSTRY/ PROJECT RELATED TERMS, DEFINITIONS AND ABBREVIATIONS

Term	Description
AMET	Africa, Middle East and Turkey
BOD	Biological Oxygen Deficiency
CAPB	Coco Amido Propyl Betaine
CCOE	Chief Controller of Explosives
CETP	Common Effluent Treatment Plant
CIDCO	The City and Industrial Development Corporation of Maharashtra Limited
COD	Chemical Oxygen Deficiency
CRM	Customer Relationship Management
DMAPA	Dimethyl Amido Propyl Amine
DMLA	Di Methyl Lauryl Amine
DMDAC	Di-Methyl Di-Allyl Ammonium Chloride
EOU	Export Oriented Unit
ETP	Effluent Treatment Plant
FDA	Food and Drug Administration
FAES	Fatty Alcohol Ether Sulphates
FA/FAE	Fatty Alkanolamides / Fatty Acid Esters
FAS	Fatty Alcohol Sulphates
GIDC	Gujarat Industrial Development Corporation
GLR	Glass Line Reactor
GMP	Good Manufacturing Practices
HDPE	High Density Polyethylene
HM-HDPE	High Molecular Weight - High Density Polyethylene
HSD	High Speed Diesel
ISO Tanks	International Organisation for Standardisation Tanks
LDO	Light Diesel Oil
MBR	Membrane Bio Reactor
MCA	Mono Chloro Acetic Acid
MIDC	Maharashtra Industrial Development Corporation
OSAA	Organic Surface Active Agent
O & G	Oil & Grease
PAA	Para Anisic Aldehyde
PLC	Programmable Logic Controller
PP – FRP	Poly Propylene – Fibre Reinforced Polymer
REACH	Registration, Evaluation, Authorisation and Restriction of Chemical substances
ROW	Rest of the World
SEZ	Special Economic Zone
SLES	Sodium Lauryl Ether Sulphate
SLS	Sodium Lauryl Sulphate
SO <sub>2</sub>	Sulphur Dioxide
SO <sub>3</sub>	Sulphur Trioxide

Term	Description
SS Reactor	Stainless Steel Reactor
SS Vessel	Stainless Steel Vessel
TPH	Tonnes Per Hour
TPM	Total Plant Maintenance
TSS	Total Suspended Solids

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

**Notwithstanding the foregoing:**

1. In the section titled “*Main Provisions of the Articles of Association*” on page 349 of the Draft Red Herring Prospectus, defined terms have the meaning given to such terms in that section;
2. In the chapter titled “*Auditors’ Report*” on page 178 of the Draft Red Herring Prospectus, defined terms have the meaning given to such terms in that section;
3. In the paragraphs titled “*Disclaimer Clause of the Bombay Stock Exchange Limited*” and “*Disclaimer Clause of the National Stock Exchange of India Limited*” in chapter titled “*Other Regulatory and Statutory Disclosures*” both on pages 298 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in those paragraphs.
4. In the chapter titled “*Statement of Tax Benefits*” on page 93 of the Draft Red Herring Prospectus, defined terms have the meaning given to such terms in that chapter.

## CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Financial Data

Unless indicated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our restated financial statements as at and for Fiscals 2006, 2007, 2008, 2009 and 2010, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI (ICDR) Regulations, as stated in the report of our Statutory Auditors, M/s. P. D Kunte & Co., Chartered Accountants, included in the Draft Red Herring Prospectus.

All the numbers in the document, have been presented in million or in whole numbers where the numbers have been too small to present in millions.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI (ICDR) Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. Our Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on financial data.

Our Fiscal Year commences on April 1 and ends on March 31, Unless stated otherwise, references herein to a Fiscal Year (e.g., Fiscal 2010), are to the Fiscal Year ended March 31 of that particular year.

In the Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

### Currency of Presentation and Exchange Rates

In the Draft Red Herring Prospectus, all references to 'Rupees' / 'Rs.' / 'INR' are to Indian Rupees, the official currency of the Republic of India. All references to '\$' / 'US\$' / 'USD' / 'U.S. Dollar(s)' / 'US Dollar(s)' are to the United States Dollars, the official currency of the United States of America. All references to 'EURO' / 'EUR' / 'euro' / 'Euro' are to the official currency of the European Union.

All references to 'million' / 'Million' / 'Mn' / 'mn' refer to one million, which is equivalent to 'ten lakhs' or 'ten lacs', the word 'Lakhs / Lacs / Lac' means 'one hundred thousand' and 'Crore' means 'ten millions' and 'billion / bn. / Billions' means 'one hundred crores'.

The exchange rates of the respective foreign currencies are as stated below:

Currency	March 31, 2006 (Rs.)	March 31, 2007 (Rs.)	March 31, 2008 (Rs.)	March 31, 2009 (Rs.)	March 31, 2010 (Rs.)
1 US\$	44.625	43.483	40.115	50.720	44.890
1 Euro	NA	NA	NA	NA	60.660
<b>AVERAGE RATES</b>					
1 US\$	44.283	45.286	40.241	45.914	47.416*
1 Euro	NA	NA	NA	NA	67.298

Source: [www.basix.com](http://www.basix.com)

Source: [www.rbi.org.in](http://www.rbi.org.in) (for average rates)

\*Exchange rates used vis-à-vis GC Egypt, TRI-K and Maybrook is 1 US\$ = INR 47.015.

**Note:** Exchange rates used in the chapter titled "Objects of the Issue" on page 72 of the Draft Red Herring Prospectus, are to be construed as the conversion rates mentioned in that chapter.

The currency figures have been expressed in 'million / mn. / millions' in the Draft Red Herring Prospectus, except those, which have been reproduced / extracted from sources as specified at the respective places.

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**Industry and Market Data**

Unless stated otherwise, industry data/ market data used in the Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that the industry data/ market data used in the Draft Red Herring Prospectus is reliable, it has not been verified by any independent source. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

Further, the extent to which the market and industry data presented in the Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

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## FORWARD-LOOKING STATEMENTS

We have included statements in the Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result in”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements.

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

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition or other factors affecting the industry segments in which our Company operates;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans including those for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Market fluctuations and industry dynamics beyond our control; and
- Occurrence of natural disasters or calamities affecting the areas in which we have operations;

For a further discussion of factors that could cause our actual results to differ, please refer to section titled “*Risk Factors*” on page 13 of the Draft Red Herring Prospectus and chapters titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 108 and 249 respectively of the Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLMs, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the BSE and NSE.

## SECTION II – RISK FACTORS

### RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in the Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding of our business, you should read this section in conjunction with chapters titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 108 and 249, respectively, of the Draft Red Herring Prospectus. Any of the following risks as well as other risks and uncertainties discussed in the Draft Red Herring Prospectus could have a material adverse impact on our business, financial condition and results of our operation and could cause the trading price of our Equity Shares to decline which could result in the loss of all or part of your investment. These risks and uncertainties are not the only issues that we face; additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, results of operations and financial condition. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.

The Draft Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial statements of the Company as of and for the Fiscal Year 2006, 2007, 2008, 2009, and 2010, in each case prepared in accordance with Indian GAAP, including the schedules, annexures and notes thereto.

### INTERNAL RISK FACTORS

#### Risks associated with our business:

1. *There are legal proceedings currently outstanding involving our Company, our Promoters, our Directors and our Group Entities which if decided against us or our Promoters or our Directors or our Group Entities could have an adverse effect on our business, results of operations and profitability.*

Our Company is involved in certain legal proceedings and claims in relation to civil, labour, criminal and taxation matters incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may render us liable to liabilities / penalties which could have an impact on the profitability of our Company. A summary of these legal and other proceedings involving our Company, our Promoters, our Directors and our Group Entities is given in the following table:

Type of Proceedings	Cases filed against		Cases filed by	
	Number of Cases	Amount involved (to the extent quantifiable)	Number of Cases	Amount involved (to the extent quantifiable)
<b>OUR COMPANY</b>				
Criminal Cases (Labour)	1	Not quantifiable	-	-
Motor Accident Cases	1	0.75	-	-
Income Tax Cases	3	55.93*	2	30.12*
Excise Cases	4	15.52	2	13.39
Service Tax Cases	7	1.53	-	-
Civil Cases	4	Not quantifiable	2	Not quantifiable
Potential litigations (Income Tax Cases)	2	Not quantifiable	-	-
<b>OUR PROMOTERS</b>				
Criminal Cases (Labour)	1	Not quantifiable	-	-
Civil Cases (Labour)	-	-	1	Not quantifiable
<b>OUR DIRECTORS</b>				
Criminal Cases (Labour)	1	Not quantifiable	-	-



Type of Proceedings	Cases filed against		Cases filed by	
	Number of Cases	Amount involved (to the extent quantifiable)	Number of Cases	Amount involved (to the extent quantifiable)
Civil Cases (Labour)	-		1	Not quantifiable
	<b>OUR GROUP ENTITIES</b>			
Income Tax Cases (M/s. Galaxy Chemicals)	2	3.79	-	-
<b>TOTAL</b>	<b>26</b>	<b>77.52</b>	<b>8</b>	<b>43.51</b>

\* Based on the demand notices received from the income tax authorities.

\*\*The details of the criminal case filed against our Company, our Promoters and our Directors are as follows:

*Criminal Complaint number 618 of 2003 ("Criminal Complaint") filed by State Government through Government Labour Officer and Inspector ("Complainant") against our Company ("Accused number 1"), Mr. Unnathan Shekhar ("Accused number 2"), Mr. Gopalkrishnan Ramakrishnan ("Accused number 3"), Mr. Sudhir Patil ("Accused number 4") and Mr. Shashikant Shanbhag ("Accused number 5") before the Court of Judicial Magistrate First Class, Panvel.*

The Complainant has filed a Criminal Complaint before the Court of Judicial Magistrate First Class, Panvel under Maharashtra Workmen's House Rent Allowance Act, 1983. The Complainant has filed the Criminal Complaint on the alleged grounds that (i) the management has not been paying the House Rent Allowance to the workmen; (ii) the management has not maintained a register of workmen, (iii) the management has not maintained a register of house rent allowance in Form 'A' and (iv) the management has not maintained a visitors book thus contravening the provisions of Maharashtra Workmen's House Rent Allowance Act, 1983 and the rules framed thereunder.

The Complainant had inspected the factory premises of the Accused number 1 and issued an Inspection Report alleging shortcomings on the part of the Accused number 1 *vis-à-vis* the grounds mentioned hereinabove. Subsequently, the Complainant has also issued a Show Cause Notice bearing number 3473 dated September 11, 2002, whereby the Accused number 1 has been asked to justify why a penal action should not be taken under the Maharashtra Workmen's House Rent Allowance Act, 1983 for non compliance of the Inspection Report. The Accused number 1 has filed a reply to the Inspection Report and the Show Cause Notice stating that the workers working in the factory of the Accused number 1 are employed by the contractors and that they have maintained a wages register for the workmen employed by them indicating the name of the worker, wages earned by them including the house rent allowance paid to each worker. Further, the Accused number 1 states that a visitor's book is also maintained in the factory and therefore has not contravened the provisions of Maharashtra Workmen's House Rent Allowance Act, 1983 and the rules framed thereunder;

Subsequently, the summons dated September 16, 2003 has been issued on Accused number 2 to 5 to appear before the Judicial Magistrate First Class. However, Accused number 2 to 5 have filed a writ petition before the High Court of Judicature at Bombay praying for an order directing the stay of the aforesaid criminal proceedings.

The matter is pending before the Judicial Magistrate First Class, Panvel.

For details on the other litigations, please refer to chapter titled "*Outstanding Litigations and Material Developments*" on page 262 of the Draft Red Herring Prospectus.

**2. We have not placed orders for 83.64% of the required plant and machinery as stated in the chapter titled "Objects of the Issue" as a result of which we may face time and cost overruns.**

We are yet to enter into definitive agreements or are yet to place orders for the plant and machinery as detailed in the chapter titled "*Objects of the Issue*". We are yet to place orders for plant and machinery worth Rs. 1,800.11 mn, which amounts to 83.64% of the total cost of plant and machinery. We are subject to risks on account of inflation in the price of plant and machinery and also the timely delivery of the machinery. These factors may delay the implementation schedule and result in increase in the overall cost. Consequently, we may have to raise additional funds by way of debt or equity to meet our fund requirements, which may have an adverse effect on our business and results of operations.

**3. Setting up of facility in Egypt where we have limited local experience may prove to be challenging. Our limited experience may have a material adverse effect on our business, results of operations and financial condition.**

We are setting up our first overseas manufacturing facility through our Step down Subsidiary, GC Egypt, where we have limited experience. We may face a number of risks associated with our overseas expansion that may have a material adverse effect on our business, results of operations and financial condition. These include, but are not limited to, compliance with and changes in applicable laws and regulations, political, social and economic instability. In addition, we may be at a competitive disadvantage with certain of our competitors who may have more experience in these jurisdictions until we have gained the relevant operating experience. Further, we cannot assure that we will be able to set up the facility in a cost effective and timely manner.

**4. *We are dependent on a single supplier for one of the raw materials. Any disruption in supply would have a material adverse effect on our business, results of operations and financial condition.***

We are dependent on a single supplier for one of the raw materials, namely, Ethylene Oxide. Any disruption in supply would have a material adverse effect on our business, results of operations and financial condition. Further, as we are dependent on a single supplier, the supplier has an edge in controlling price of the raw material.

**5. *We are significantly dependent on a few major customers. Loss of one or more of these customers may have material adverse effect on our business and results of operations and financial condition.***

Based on our standalone restated financial statements, our top ten (10) customers contributed 70% of our sales in Fiscal 2009 and 67% in Fiscal 2010. While our Company has done business with these customers in the past, we do not have any legally binding agreements or commitments to supply to them in the future. Loss of one or more of our major customers may have a material adverse effect on our business, results of operations and financial condition.

**6. *The funding requirements of our Company and the deployment of Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution and may be revised from time to time.***

The deployment of funds as stated in the chapter titled “Objects of the Issue” on page 72 of the Draft Red Herring Prospectus is not subject to monitoring by any independent agency. The objects of the issue are not appraised by any independent agency and we have not entered into any definitive agreements to utilise a portion of the Issue proceeds. The funding requirements of our Company and the deployment of Net Proceeds are based on management estimates. In the event, for whatsoever reason, we are unable to execute our plans as detailed in the chapter titled “Objects of the Issue” on page 72 of the Draft Red Herring Prospectus, we could have a significant amount of unallocated Net Proceeds. In the event we are unable to utilize the Net Proceeds of the issue for the objects specified herein, we shall with the approval of the shareholders of our Company deploy the funds for other business purposes in accordance with Section 61 of the Companies Act.

**7. *Any delay in the schedule of implementation as mentioned in the chapter titled “Objects of the Issue” may have material adverse effect on our results of operations and our profitability.***

Our schedule of implementation is exposed to various risks including time and cost overrun due to various factors including those which may be beyond our control. In case any such event occurs, there can be no assurance that we will be able to complete our projects, including those that may be undertaken in future, within the stipulated time and budget. Such time and cost overrun may have a material adverse effect on our results of operations and our profitability.

**8. *Delay or non- receipt of certain regulatory approvals may delay our proposed expansion plans and would adversely affect our growth plans. Further, if we are unable to obtain, maintain or renew our statutory and regulatory licences, permits and approvals required to operate our business it may have a material adverse effect on our business and results of operations.***

There are certain approvals, incidental or ancillary to our proposed expansion or generally to our business, for which we have applied to the statutory authorities. Further, there are certain approvals required for the proposed expansion plan for which we have not yet made applications to the relevant authorities. There can be no assurance that the consents or other approvals required from third parties, which include central, state and local governmental bodies, will be issued or granted to us in a timely manner or at all. Further, if these approvals are not granted or if granted subject to certain conditions, we cannot assure that these conditions would be acceptable to us which may have a material adverse effect on our project implementation schedule, results of operations and our profitability.

Further, any failure to renew the approvals that have expired or applied for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may have a material adverse effect on our results of operations. For further details,

please refer to the chapter titled “Government/Statutory Approvals and Licences” on page 277 of the Draft Red Herring Prospectus.

**9. *We receive certain tax benefits under the provisions of the Income Tax Act, which if withdrawn, may have a material adverse effect on our results of operations, financial condition and cash flows.***

We receive tax exemptions for our 100% Export Oriented Unit at Taloja. In Fiscal 2010, we received an exemption from income taxes and other indirect taxes. This exemption is scheduled to be withdrawn with effect from April 01, 2011. As a result, the effective tax rates payable by us may increase and consequently may have a material adverse effect on our results of operation, financial condition and cash flows. For further details, please refer to chapter titled “Statement of Tax Benefits” on page 93 of the Draft Red Herring Prospectus.

**10. *One of our existing manufacturing units at Taloja and the upcoming facility at Jhagadia, Gujarat, being an EOU are bound by certain conditions as per the Foreign Trade Policy. Non-fulfilment of the conditions may make us liable to pay additional custom duties and fine which may have a material adverse effect on our results of operations and financial condition.***

As per the provisions of Foreign Trade Policy, we are required to achieve the minimum Net Foreign Exchange Earning and the minimum Export Performance as per the formula laid down in the aforesaid policy. In the event we do not achieve the Net Foreign Exchange Earning or fulfil other conditions of the Letter of Permission granted by the authority, we may have to pay additional custom duties and may also be subject to fine without prejudice to action under any other law / rules and cancellation or revocation of Letter of Permission granted by the authority which may have a material adverse effect on our results of operations and financial condition.

**11. *Increased costs for raw materials, changes in the import export policies, interruptions in the availability and poor quality of the raw materials may have a material adverse effect on our results of operations and financial condition.***

Our business is significantly affected by the availability, cost and quality of the raw materials, which we need for producing our products. Our key raw materials include fatty alcohols, fatty acids, ethylene oxide, phenol, etc. At present, surfactant producers are facing increasing cost pressures from rising prices of these raw materials. At the same time, increased usage of natural resources such as vegetable oils and fats for biodiesel in developed countries is driving up input costs for basic oleo-chemicals such as fatty alcohols and fatty acids. If we are unable to pass on price increases to our customers, the same may adversely affect our results of operations and financial condition.

Our Company also imports some of the abovementioned key raw materials which can be subjected to laws monitoring the import in India as well as laws governing exports in the countries/territories from where the exports originate. Further, any change in the import-export policy by the Government of India or any increase in the prices of the raw material due to adverse foreign currency fluctuation may have a negative impact on the import of our raw materials, and consequently adversely affect our results of operations.

**12. *We do not have any formal agreement for the land on which our effluent treatment plant (ETP) is situated. Absence of any such arrangement could adversely impact the continuance of our activity from such premises.***

Our ETP is situated at M-3 (Part), MIDC, Tarapur, Palghar Taluka, Thane District, Maharashtra. The land on which the aforesaid effluent treatment plant is situated is owned by MIDC. Our Company had entered into a licence agreement dated December 20, 2000 with MIDC to use the said premises which was valid for a period of three years (3) from the date of execution i.e. December 20, 2000. Our Company, vide application dated May 13, 2010, has applied to the MIDC for executing a lease deed. However, as on date of the Draft Red Herring Prospectus, there is no formal agreement with MIDC for the aforesaid premises. Absence of any such arrangement could adversely impact the continuance of our activity from the said premises and may have an adverse effect on the operations of our business.

**13. *The land on which we operate our manufacturing units and our Registered Office are not owned by us and the same are governed by termination clauses in the respective lease agreements. Our inability to comply with the conditions in the agreement may lead to termination which may have a material adverse effect on our business, results of operations and financial condition.***

The land on which we operate our manufacturing units and our Registered Office are not owned by us and have been taken by us on a lease basis from government authorities. The lease is subject to various conditions and covenants. In the event that we fail to fulfil the conditions it may lead to termination of the agreement which may consequentially impact the continuance of our activity from the said premises. Discontinuance of any of our activities from the said premises

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may have a material adverse impact on our business, results of operations and the financial condition. For further details, please refer to section titled “Our Properties” in chapter titled “Our Business” on page 126 of the Draft Red Herring Prospectus.

- 14. Our Company is prone to technical risks as it deals in chemicals and solvents, any mishandling of chemicals or solvents may result in partial or total shutdown and may also expose us to litigations. This may have an adverse effect on our results of operations and financial condition.**

Our Company’s production process involves dealing with various chemicals and solvents which may be hazardous. Occurrence of any accident during the manufacturing process, storage, loading, unloading, transport activity may lead to damage of assets, stock, premises and life. Such incidences may lead to unforeseen shut down, disrupt our operations and expose us to litigations thereby affecting the profitability of our Company.

- 15. Our Company is in the process of completing documentation as specified under REACH regulation. In the event our Company fails to comply with the provisions of REACH in future, the registration of our products would be denied which may have an adverse effect on our business with European Union countries.**

The new European regulation REACH, which imposes strict norms for product safety and mandates considerable testing, will impact the industry as producers will find it difficult to pass on costs associated with its compliance. The companies doing business in Europe have to get its products registered under REACH. The compliance of REACH is demarcated into different phases. Our Company is in the process of completing documentary requirements to make our products REACH compliant and is on track as per the specified timelines. In the event our Company fails to comply with the provisions of REACH in future, the registration of our products would be denied which may have an adverse effect on our business with European Union countries. Further, there is no such regulation in existence outside Europe at present. However, similar regulations may be enacted in other geographies in future, which may increase the cost of compliance.

- 16. Our Company has opened a stand-by letter of credit for the benefit of TRI-K and has agreed to provide a corporate guarantee on behalf of GC Egypt. In the event that our step-down subsidiaries are not able to meet their financial obligations, the banks are entitled to invoke the guarantees given by us. This may have an adverse effect on our business, results of operation, financial condition and cash flows.**

As on July 31, 2010, our Company has opened a stand-by letter of credit with Citi Bank Frankfurt, Germany for the benefit of TRI-K amounting to US\$ 0.5 mn. Further, GC Egypt has been sanctioned loan amounting to US\$ 12 mn from IFC for which we agreed to provide a corporate guarantee for US\$ 13.2 mn. In the event that our step-down subsidiaries are not able to meet their financial obligations, the banks are entitled to invoke the guarantees given by us. This may have an adverse effect on our business, results of operation, financial condition and cash flows.

- 17. Product Innovation and Research and Development (R&D) activities are an integral part of our business model. If our research and product development efforts are not successful, our business may be restricted which may in turn have an adverse effect on our business and financial condition.**

Product Innovation and Research and Development (R&D) activities are an integral part of our business model. Our Company needs to introduce new products and further expand into additional areas to remain successful in the future. Our Company's plans to introduce new products into regulated markets and diversify the areas in which it operates may not be successful. Any material adverse developments with respect to the sale or use of our products, failure to successfully introduce new products or implement our expansion strategies, could have a material adverse effect on the business and financial condition of our Company.

Further, new products currently under development, if and when fully developed and tested, may not perform as per our expectations and our Company may not be able to successfully and profitably produce and market such products, which may consequently restrict our business and affect our financial condition.

- 18. We rely on our information technology systems in managing our supply chain, production process, logistics and other integral parts of our business. Any significant breakdown or interruption of these systems may have a material adverse effect on our business.**

Our Company is dependent upon complex and interdependent information technology systems, including internet-based systems, to support business processes as well as internal and external communications. Any significant breakdown or interruption of these systems, whether due to computer viruses or other causes, may result in the loss of key information and/or disruption of production and business processes, which may have a material adverse effect on our business.

**19. Due to competition, we may not be able to increase or maintain our sales, which may have an adverse effect on our business, results of operations and financial performance.**

In the product category where we are present, we face competition from international companies like Huntsman Corporation, Rhodia, Stepan Company, BASF Corporation, Croda International Plc, The Dow Chemical Company, Clariant Limited, Sasol Limited, etc. Should there be any significant increase in global competition or if we are unable to cope with the changing market conditions, our business and operating results could be adversely affected. Further, we cannot assure you that our competitors will not develop or gain access to manufacturing processes and/or technical knowhow which are similar to ours. The occurrence of any of those events could have an adverse effect on our business, results of operations and financial performance.

**20. We are susceptible to product liability claims from our customers that may not be covered by warranties and assurances provided to us by our suppliers. If any product liability claim sustained against us is not covered by insurance or exceeds the policy limits, it may have an adverse effect on our business and financial condition.**

Any defects in our products, including as a result of defective materials supplied to us by our suppliers, may have an adverse effect on our business since we have provided counter warranties and assurances to our customers about quality of our products. Any defect in our products could result in claims for damages from our customers or may require our customers to undertake product recalls. Defects in our products that arise from defective materials or other inputs supplied by external suppliers may or may not be covered by warranties and assurances from our suppliers.

Although we have obtained product liability coverage with respect to our products, if any product liability claim sustained against us exceeds the policy limits, it may adversely affect our business and financial condition. We also face the risk of loss resulting from and the adverse publicity associated with product liability lawsuits. Further, unsuccessful product liability claims may require us to spend resources on litigation which may adversely affect our goodwill and impair the marketability of our products.

**21. The insurance policies obtained by us may not be adequate to protect us against certain risks and we may be subject to losses that might not be covered in whole or in part by existing insurance coverage.**

Some of our raw materials, solvents and finished products are hazardous and / or harmful to the environment and life, if not handled properly. Any spillage of such raw materials, solvents or finished products during transportation or otherwise could result in polluting the environment. In addition, we are susceptible to the risk of fire and / or other accidents while dealing with storing the products. The amount of our insurance coverage may be inadequate to cover all our financial losses arising out of such incident. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, results of operations and financial condition.

**22. Changes in technology may impact our business by making our manufacturing facilities less competitive thereby affecting the operations of our business and our profitability.**

Advancements in technology may require us to incur additional capital expenditure for upgrading our manufacturing facilities so as to compete with our competitors on a global scale. In the event that we are not able to respond to such technological advancements in a timely manner, we may become less competitive thereby adversely affecting our business, results of operations and financial condition.

**23. We are a manufacturing company and any breakdown or failure of equipment at any of our manufacturing facilities or other adverse development impacting our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.**

Our manufacturing facilities are subject to several operating risks. These risks include, in relation to our manufacturing equipment, the breakdown or failure of equipment, shortage of power supply, performance below expected levels of output, raw material shortage or unsuitability and obsolescence, among others. Other factors which may adversely impact our manufacturing facilities include labour disputes, strikes, lock-outs, our ability to respond to emerging industry standards and practices in the industries we operate in and propose to operate. The occurrence of any of these risks or any other factor(s) adversely impacting our manufacturing facilities may adversely affect our business, results of operations and financial condition.

**24. Failure to register our intellectual property rights in a timely manner may have an adverse effect on our business and future prospects.**

We utilize intellectual property during the course of our business and operations and seek to register it in a timely manner in order to protect it. The registration of any patent is a time consuming process, and there can be no assurance that any such registration will be granted.

In the absence of adequate intellectual property registrations and renewals, our competitors or other companies may challenge the validity or scope of the same or infringe it. Failure to protect our intellectual property rights through registration under the relevant statutory laws may allow a third party to use our intellectual property without our consent, and if this occurs, our brand equity may be diluted or adversely affected. For details of our intellectual property, please refer to the chapter titled “Our Business” on page 131 of this Draft Red Herring Prospectus

**25. Our Company has contingent liabilities, which if materialises, may have an adverse effect on our financial condition.**

As of March 31, 2010, contingent liabilities disclosed in the restated standalone financial statements of our Company amounted to Rs. 38.82 mn. If any of these contingent liabilities materialise, our Company's financial condition and results of operations may be adversely affected. Our Contingent Liabilities as on March 31, 2010 are as follows:

Sr.No.	Particulars	Rs in mn
1.	Counter guarantees given to banks	16.25
2.	Corporate guarantees given to bank on behalf of a subsidiary	22.45
3.	Disputed Excise Duty Demand	0.12
	<b>Total</b>	<b>38.82</b>

**26. We have entered into and may continue to enter into related party transactions.**

We have entered into certain related party transactions with our Subsidiaries, Directors, Promoters and Group Entities, as given hereinbelow:

(Rs. in mn)

S. No.	Particulars	For the year ended 31st March,				
		2006	2007	2008	2009	2010
1.	Royalty Payment	26.96	23.74	-	-	-
2.	Commission Payment	11.91	12.24	17.36	27.82	28.80
3.	Payment of Managerial Remuneration	9.91	23.69	30.59	34.58	34.73
4.	Interest paid on Fixed Deposits/Loans	1.71	1.49	1.09	2.32	3.78
5.	Dividend Payment	16.26	16.41	19.46	27.83	55.62
6.	Rent Received	0.01	0.01	-	-	-
7.	Investment in Share Capital	-	-	-	0.10	423.60
8.	Receipt of Fixed Deposits/Loans (net of repayments)	8.69	(7.06)	(1.48)	12.34	19.83
9.	Loans Given (net of repayments)	-	-	-	43.11	(17.29)
10.	Incorporation Expenses Paid (net of repayments)	-	-	-	4.68	(2.54)
11.	Professional Fees Payment	-	-	-	-	1.41
12.	Advance for Capital Goods	-	-	-	-	20.74
13.	Technical Know how Fees	-	-	-	-	20.02
14.	Sale of Goods	-	-	-	-	9.59
15.	Share Application Money Received/ Shares Allotted	-	-	-	-	29.79
16.	Bank Guarantee given	-	-	-	-	22.45

While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. For further details regarding our related party transactions, please refer to Annexure titled “Related Party Transactions” in the chapter titled “Auditors’ Report” on page 204 of the Draft Red Herring Prospectus.



**27. Some of our Subsidiaries, our 100% Step-Down Subsidiaries and our Group Entities have incurred losses and have negative Net Worth during the last three fiscal years.**

Some of our Subsidiaries, our 100% Step-Down Subsidiaries and our Group Entities have incurred losses during the last three fiscal years (as per their respective financial statements), as set forth below:

Sr. No.	Name of the Subsidiaries / 100% Step-Down Subsidiaries / Group Entity	Profit / (Loss) after tax (Rs. in mn)		
		Fiscal 2008	Fiscal 2009	Fiscal 2010
1.	Galaxy Holdings (Mauritius) Limited (For the period ended on March 31, 2009 and Fiscal 2010)	NA	(0.52)	4.98
2.	Rainbow Holdings GmbH (For the period ended on March 31, 2010)	NA	NA	(34.46)
3.	M/s. Galaxy Estates & Holdings	(0.07)	(0.04)	(0.04)
4.	M/s. Shubh Estate & Properties	(0.02)	(0.02)	(0.02)

Some of our Subsidiaries, our 100% Step-Down Subsidiaries and our Group Entities have had negative Net Worth during the last three fiscal years (as per their respective financial statements), as set forth below:

Sr. No.	Name of the Subsidiaries / 100% Step-Down Subsidiaries / Group Entity	Net Worth (Rs. in mn)		
		Fiscal 2008	Fiscal 2009	Fiscal 2010
1.	Galaxy Holdings (Mauritius) Limited (For the period ended on March 31, 2009 and Fiscal 2010)	NA	(0.48)	12.88
2.	Rainbow Holdings GmbH (For the period ended on March 31, 2010)	NA	NA	(23.43)
3.	Galaxy Emulsifiers Private Limited	(2.39)	(1.69)	0.19
4.	Galaxy Finsec Private Limited	(0.02)	(0.02)	(0.03)

**28. Our Promoters and Promoter Group will continue to retain majority control, i.e. 56.34%, in our Company after the Issue which will enable them to influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders.**

Upon completion of the Issue, our Promoters and promoter group will own and hold 56.34% of our post-Issue paid-up equity share capital. Consequently, they may exercise substantial control over our Company and *inter-alia* may have the power to elect and remove a majority of our Directors and to determine the outcome of significant corporate transactions and decisions requiring approval of our Board of Directors. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest.

In addition, for so long as our Promoters and Promoter Group continue to exercise significant control over our Company they may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders.

**29. One of our Group Entities has its objects similar to that of our business activities and there could be a potential conflict of interest with us.**

Our Group Entity, Galaxy Emulsifiers Private Limited, is authorized by its MoA to engage in the business activities, which are similar to that undertaken by our Company. Though, we have entered into a Non – Compete Agreement dated January 21, 2010 with Galaxy Emulsifiers Private Limited, there is no assurance that our Group Entity shall strictly comply with the covenants of the agreement, which may consequently result in breach of the aforesaid agreement. Any such breach of the agreement may have an adverse effect on the business of our Company. For further information, please refer to the paragraphs titled “Common Pursuits” in chapter titled “Our Promoters and Group Companies” on page 176 of the Draft Red Herring Prospectus.

**30. Some of the agreements entered into by us with respect to our office premises, godowns and other leasehold premises are not adequately stamped and registered, resulting in making them inadmissible as evidence in legal proceedings. Any potential dispute vis-à-vis the said premises and our non-compliance of local laws relating to stamp duty and registration may adversely impact the continuance of our activity from such premises.**

Some of the agreements entered into by us with respect to our office premises, godowns and other leasehold premises are not adequately stamped and registered. The effect of inadequate stamping is that the document is not admissible as evidence in legal proceedings and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping. The effect of non-registration, in certain cases, is to make the document inadmissible in legal proceedings. Any potential dispute *vis-à-vis* the said premises and our non-compliance of local laws relating to stamp duty and registration may adversely impact the continuance of our activity from such premises.

- 31. *We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in delay or abandonment of any or all of our business development plans and this may have an adverse effect on our business and results of operations.***

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

- 32. *Our Company has obtained unsecured loans which are repayable on demand. Any demand from lenders for repayment of such unsecured loans may have an adverse effect on our financial condition.***

As on March 31, 2010 we have unsecured loans amounting to Rs 295.83 mn which are repayable on demand. In the event that these loans are recalled by the lenders, we would need to find alternative sources of financing, which may not be available on commercially acceptable terms or at all. Further, any demand from lenders for repayment of such unsecured loans may have an adverse effect on our financial condition. For further details on unsecured loans, please refer to the Annexure titled “Unsecured Loans” under the chapter titled “Auditors’ Report” on page 196 of the Draft Red Herring Prospectus.

- 33. *Our indebtedness and the conditions and restrictions imposed by our financing arrangements may have an adverse effect on our ability to conduct our business.***

As per our restated standalone financial statements, we have availed an aggregate of Rs. 1,321.33 mn as on March 31, 2010 as secured loans from various banks. Most of our loans are secured by way of mortgage of fixed assets and hypothecation of current assets, both present and future. In case we are not able to pay our dues in time, the same may adversely impact our results of operations.

We have entered into or may have to enter into agreements for availing financing facilities from various lenders. Such financing agreements normally prescribe prudential financial covenants and prior consent requirement from the lenders under certain conditions. Breach of these covenants / conditions may restrict us from payment of dividend, trigger defaults and cross defaults which if not cured or waived by the lender, can have an adverse effect on us. For further details on the restrictive covenants, please refer to chapter titled “Financial Indebtedness” on page 245 of the Draft Red Herring Prospectus.

- 34. *Our success depends significantly upon our senior management team and key managerial personnel of our Company. Any inability on our part to attract and retain any or all the key members of our management team could have an adverse effect on our business, results of operations and financial condition.***

We are highly dependent on our senior management and key managerial personnel for our business. Our business model is reliant on the efforts and initiatives of our key managerial personnel. Our ability to successfully function and meet future business challenges depends on our ability to attract and retain them. Our future performance will depend upon the continued services of these persons. We cannot assure you that we will be able to retain our skilled senior management or managerial personnel or continue to attract new talents in the future. The loss of the services of any key member of our management team could have an adverse effect on our business, results of operations and financial condition. For details of our key managerial personnel, please refer to the chapter titled “Our Management” on page 164 of the Draft Red Herring Prospectus.

- 35. *Our work force may unionise in the future. Further, we hire our labour requirements on contract basis through third party contractors. Contract labour being supplied to us by third parties, we cannot assure that the same would be available in accordance with our requirements. Non-availability of requisite contract labour may adversely affect our business, financial condition and results of operations.***

As on date, our employees are not represented by any labour union. However, our employees may unionise in the future. While we consider our current labour relations to be satisfactory, there can be no assurance that we will not experience future disruptions to our operations due to disputes including strikes, work stoppages, or wage hike demands by our employees or other problems with work force which may adversely affect our business or operations. In such an event, there may be restrictions on the flexibility of our labour policies, which would adversely affect us. Further, we have used contract labour to meet our labour requirements in the past. Non-availability of requisite contract labour or increased costs may adversely affect our business, financial condition and results of operations.

#### **Risks associated with the Equity Shares**

- 36. *We have in the last 12 months, issued Equity Shares at a price that could be lower than the Issue Price.***

We have issued 600,000 equity shares of face value of Rs.10/- each at a premium of Rs. 100/- per share on March 31, 2010. This price i.e. Rs.110 per share, may be lower than the Issue price. We have also issued 8,563,688 fully paid up equity shares of face value Rs.10/- each as bonus in the ratio of 1 fully paid up equity share for every 1 fully paid up equity share held as on November 30, 2009. Save and except the above, we have not issued any Equity Shares in the last 12 months. For further details, please refer to the chapter titled “Capital Structure” on page 69 of the Draft Red Herring Prospectus.

- 37. *After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.***

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to various factors, including the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, trends in our industry, the performance of the Indian and global economy and significant developments in India’s fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue or that the price at which our Equity Shares are initially issued will correspond to the prices at which they will trade in the market subsequent to this Issue.

- 38. *There are restrictions on daily movements in the price of Equity Shares which may adversely affect a shareholder's ability to sell or the price at which he can sell Equity Shares at a particular point in time.***

Subsequent to listing, our Company will be subject to a daily circuit breaker imposed on listed companies by BSE and NSE, which does not allow transactions beyond certain volatility in the price of Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform our Company of the percentage limit of the circuit breaker from time to time and may change it without its knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

- 39. *Any future issuance of Equity Shares by our Company may dilute investor’s shareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by our Company may dilute shareholding of investors in our Company which may adversely affect the trading price of our Company's Equity Shares and our ability to raise capital through an issue of securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Company's Equity Shares. Additionally, the disposal, pledge or encumbrance of Equity Shares by any of our Company's major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that such shareholders will not dispose off, pledge or encumber their Equity Shares in the future.

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**40. *Our ability to pay dividends in future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

We have in the past paid dividends out of our earnings. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our results of future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. There can be no assurance that we will be able to continue paying dividends in future.

**EXTERNAL RISK FACTORS**

**41. *There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval requires all relevant documents authorizing the issue of Equity Shares to be submitted to the Stock Exchanges. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. In accordance with Section 73 of the Companies Act, in the event that the permission of listing the Equity Shares is denied by the Stock Exchanges, we are required to refund all monies collected to investors. Any failure or delay in obtaining the approval would restrict your ability to dispose off your Equity Shares.

**42. *We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, financial condition and results of operations.***

Changes in interest rates could significantly affect our financial condition and results of operations. If the interest rates for our existing or future borrowings increase significantly, our cost of servicing such debt will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows.

**43. *Any disruption in global or domestic logistics may have an adverse effect our operations.***

As a manufacturing company, our success depends on the smooth supply and transportation of various materials and inputs from different domestic and global sources to its manufacturing plants, and of the products from plants to customers located globally, all of which are subject to various logistical uncertainties and risks. Disruptions of transportation services because of weather related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair our Company's ability to receive materials and other inputs and supply products to its customers. There can be no assurance that such disruptions will not have a material adverse effect on our business and results of operations.

**44. *Fluctuations in the exchange rate between the Rupee and the Euro, United States Dollar or other foreign currencies may have a material adverse effect on our financial condition.***

Since a part of our receivables and payables are denominated in foreign currencies, our Company is exposed to exchange rate risk. The exchange rate between the Rupee and the other foreign currencies, such as the Euro and US Dollar, has changed substantially in recent years and may continue to fluctuate significantly in the future. Accordingly, our operating results may be impacted by fluctuations in the exchange rate between the Indian Rupee and other foreign currencies, thereby affecting our financial condition.

**45. *Political, economic and social developments in India may have an adverse effect on our business.***

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and the liquidity of our Equity Shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares. Our performance and

growth is necessarily dependant on the performance of the overall Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

***46. Financial instability in Indian financial markets may have an adverse effect on our results of operations and financial condition.***

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe, China, Malaysia or Indonesia may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

***47. Force majeure events, terrorist attacks and other acts of violence or war involving India or other countries may have an adverse effect on the financial markets, result in a loss of customer confidence and adversely affect our business, results of operations and financial condition.***

Certain force majeure events, being beyond our control, including natural disasters, terrorist attacks and other acts of violence or war which may involve India or other countries may adversely affect worldwide financial markets, which could lead to economic instability. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. More generally, any of these events could lower business confidence in India or other countries which could adversely affect our financial performance or the market price of Equity Shares.

***48. A change in accounting or tax policies could result in an adverse effect on our income and reported results of operations.***

New or revised accounting or tax policies promulgated from time to time by relevant Indian authorities may significantly affect our reported results of operations. Any current or future Government revisions to tax policies, in particular with respect to tax incentives may have a material adverse effect on our income and results of operations.

***49. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition. Our failure to successfully adopt IFRS could have a material adverse effect on our stock price.***

Our financial statements, including the financial statements provided in the Draft Red Herring Prospectus are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in the Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of, and convergence with the IFRS pursuant to which all public companies in India will be required to prepare their annual and interim financial statements under IFRS beginning with Fiscal period commencing April 01, 2011. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw on forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. As we transit to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 2011 could have a material adverse effect on our stock price.

## Prominent Notes

- Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. The BRLMs shall be obliged to provide any information or clarification relating to this Issue to any investor. Investors may contact the BRLMs for any complaints or comments pertaining to this Issue. The BRLMs undertake to attend to the same expeditiously and satisfactorily.
  - The Net Worth of our Company as on March 31, 2010 was Rs. 1,508.12 mn as per restated consolidated financial statements and Rs. 1,528.10 mn as per the restated standalone financial statements.
  - The NAV/book value per Equity Share as on March 31, 2010 was Rs. 85.07 as per restated consolidated financial statements and Rs. 86.20 as per the restated standalone financial statements.
  - This is a public issue of 5,930,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating up to Rs. [●] million. This Issue shall constitute 25.07 % of the fully diluted post-Issue capital of our Company.
  - The Issue is being made through a 100% Book Building Process wherein upto 50% of the Issue shall be available for allocation to QIBs subject to valid Bids being received at or above the Issue Price.
  - Our Company in consultation with the Book Running Lead Managers may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which one-third will be available for allocation to domestic Mutual Funds subject to valid Bids being received from them at or above the Anchor Investor Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (including Mutual Funds), subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.
- Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.
- Under-subscription, if any, in the QIB portion, Non-Institutional Portion or Retail Portion would be met with spill-over from any other category or combination of categories, at the discretion of our Company, in consultation with BRLMs and the Designated Stock Exchange.
  - The average cost of acquisition per Equity Share for our Promoters is as follows:

Sr. No.	Name of Promoter	Average cost of acquisition per equity share (Rs.)
1.	Mr. Unnathan Shekhar	2.83
2.	Mr. Gopalkrishnan Ramakrishnan	3.06
3.	Mr. Shashikant Rayappa Shanbhag	2.75
4.	Mr. Sudhir Dattaram Patil	2.79

*Note: The average cost of acquisition of Equity Shares by our Promoters has been computed by taking the weighted average cost.*

- Except as disclosed in this section and in chapters titled “Our Promoters and Group Companies” and “Our Management” on pages 168 and 153, respectively, none of our Promoters, ventures promoted by our Promoters, Directors or Key Management Personnel have any interest in our Company except to the extent of remuneration and reimbursement of expenses provided to them by our Company and to the extent of the Equity Shares held by our Promoters or held by the companies in which they are interested as members and to the extent of the benefits arising out of such shareholding, if any, in our Company.



- Except as disclosed in the chapter titled “*Capital Structure*” on page 51 of the Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
- Our Group Company, Galaxy Emulsifiers Private Limited, is permitted under its respective objects clauses to undertake activities which are similar to those being undertaken or intended to be undertaken by us and may be considered to be in the same line of business as we are which may result in a conflict of interest with respect to our business strategies. However, our Company has executed a Non – Compete Agreement dated January 21, 2010 with Galaxy Emulsifiers Private Limited. Save and except as disclosed in paragraph titled “*Common Pursuits*” in chapter titled “*Our Promoters and Group Companies*” on page 176 of the Draft Red Herring Prospectus, there are no conflicts of interest between our Company and our Promoters, Promoter Group and Group Entities.
- None of our Promoter Group, Directors or their relatives have financed the purchase of securities of our Company by any other person during the period of six (6) months immediately preceding the date of filing Draft Red Herring Prospectus.
- The details in relation to transactions with our Group Entities and Subsidiaries during Fiscal 2010 (on a consolidated basis) and the nature of such transactions are provided in Annexure titled “*Related Party Transactions*” in chapter titled “*Auditors’ Report*” on page 204 of the Draft Red Herring Prospectus.
- There has been no change in the name of our Company during the last three years. For further details pertaining to change in name of our Company and changes in MoA of our Company please refer to the chapter titled “*History and Certain Corporate Matters*” on page 139 of the Draft Red Herring Prospectus.
- Our Company has not made any loans and advances to any person(s)/ Company in which the Directors are interested, except as disclosed in the Annexure titled “*Related Party Transactions*” in chapter titled “*Auditors’ Report*” on page 204 of the Draft Red Herring Prospectus.
- Trading in Equity Shares for all investors shall be in dematerialised form only. For further details, please refer to chapter titled “*Issue Procedure*” on page 312 of the Draft Red Herring Prospectus.
- All grievances relating to the ASBA process may be addressed to Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

## SECTION III - INTRODUCTION

### SUMMARY OF INDUSTRY

#### Industry Overview

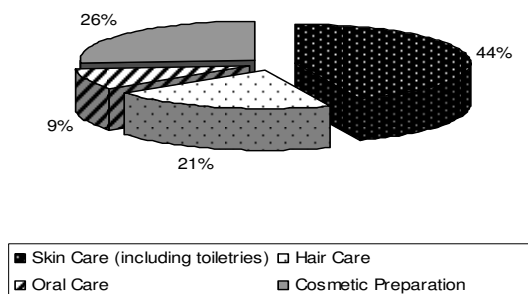
The information in this chapter has been extracted from publicly available documents prepared by various sources, including Acmite Market Intelligence Report, 2008, Kline & Company Presentation 2008, Kline & Company Presentation 2009, [www.reportbuyer.com](http://www.reportbuyer.com), [www.americanpalmoil.com](http://www.americanpalmoil.com), [www.tsmg.com](http://www.tsmg.com), [www.researchandmarkets.com](http://www.researchandmarkets.com), [www.personalcaremagazine.com](http://www.personalcaremagazine.com) and [www.wikipedia.org](http://www.wikipedia.org). This data has not been prepared or independently verified by us or the BRLMs or any of their or our respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" in the Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information.

#### About Ingredients for Personal Care Products

Personal Care Ingredients (PCIs) are used in the formulation of personal care products which are broadly classified into hair care, skin care, colour cosmetics, oral care, toiletries, cosmetics and fragrances. (Source: [www.reportbuyer.com](http://www.reportbuyer.com)). The PCIs include surfactants (including emulsifiers), emollients, humectants, rheological additives and other specialty chemicals such as active ingredients, UV absorbers, conditioning polymers, hair fixatives, antimicrobials and fragrance. The PCIs form the functional core of the personal care products. (Source: Kline & Company Presentation, 2008 and [www.americanpalmoil.com](http://www.americanpalmoil.com)).

The estimated size of the global PCI industry was USD 8 – 10 billion per annum growing at about 5-6% per annum. (Source: Kline & Company Presentation, 2009). Out of the total ingredients consumed in personal care industry, 44% of the consumption is in skin care (including toiletries), 21% in hair care, 9% in oral care and 26% in other cosmetic preparation on volume basis. (Source: Kline & Company Presentation, 2009)

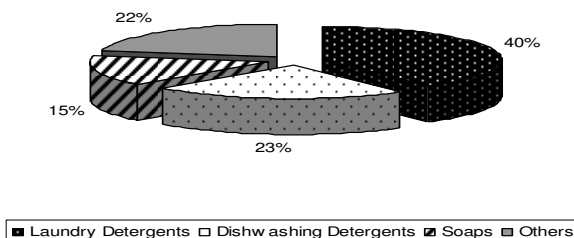
Break-up of Global PCI market by application



Surfactants, one of the widely used ingredients in personal care and home care products, have application in other industries such as textiles, construction and others. However, characteristics of surfactants used in personal care and home care products have a significant overlap. The surfactants serve as cleaning agents in home care products. The size of markets for surfactants having application in personal care and household cleaning products are USD 3.88 bn per annum and USD 8.87 bn per annum respectively. (Acmite Market Intelligence Report, 2008)

Amongst household cleaning products, laundry detergents which include laundry powder and laundry liquid are the largest market segment, followed by dishwashing detergents. Laundry detergents account for around 40% of the total household cleaning agents market, dishwashing detergents account for roughly 23%. Soaps, a category which is losing its historical importance particularly in the developed markets, contribute to around 15%. The remaining share of 22% is contributed by all purpose detergents and specific cleaning agents. (Acmite Market Intelligence Report, 2008)

Break-up of Homecare market by application



Based on the above, the combined market size of PCI industry (USD 8 – 10 billion per annum) and surfactants having application in home care products (USD 8.87 billion per annum) was USD 17 - 19 billion per annum in 2007.

### **Size of the Application Industry – Personal Care Products (PCP) and Household Cleaning Products**

#### **Personal Care Products:**

PCIs have applications in personal care products covering hair care, skin care, oral care, cosmetics & toiletry and include body wash, hand wash, shampoos, lotions, creams, etc. This industry is growing and is to a large extent not cyclical. Global market size of Personal Care industry was valued at USD 145 billion in 2007 is expected to reach USD 218 billion by 2015 at CAGR of 5%. (Source: Acmite Market Intelligence Report, 2008)

Geographically, Asia Pacific region (including Japan) is the largest market for personal care products accounting for 33% of the global market. The North America and Western Europe still remain the strong market of personal care products, accounting for 24% and 23% of the global demand, respectively. Rest of the world combined makes up nearly 20% of the global personal care market. (Source: Acmite Market Intelligence Report, 2008)

#### **Household Cleaning Products**

Household Cleaning Products include various products like detergents and soaps, detergent additives, dishwashing products and other household cleaners. The total market of household cleaning agents was valued at USD 35 billion in 2007 and is estimated to exceed USD 43 billion by 2015. (Source: Acmite Market Intelligence Report, 2008)

Geographically Asia Pacific (including Japan) which accounts for 29% of the total demand is the largest and fastest growing market for household cleaning agents followed by North America accounting for 28% of the global demand and Western Europe accounting for 27%. (Source: Acmite Market Intelligence Report, 2008)

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## SUMMARY OF BUSINESS

We are one of the leading manufacturers and marketers of surfactants and specialty chemicals in India for the Personal and Home Care (“PHC”) industry. We produce a range of vital cosmetic ingredients including active ingredients, UV protection and functional products. Our products cater to some of the largest global brands in the FMCG sector and find applications in skin care, hair care, oral care, body wash, sun care, household cleaners and fabric care segments.

From a modest beginning in 1980 with two products by our Promoters, we have today transformed our business into a value based, technology driven, environment conscious and customer oriented organization with a portfolio of 66 products and with sales spread over 70 countries. We are certified supplier and preferred vendor for leading companies in the field of personal and home care. Few of our global customers are Beiersdorf, Colgate Palmolive, Ecolab, Henkel, Diversey, L’Oreal, Reckitt Benckiser and Unilever. Our domestic customers include Ayur, CavinKare, Dabur, Emami, ITC, Marico, Procter & Gamble Home Products Limited to name a few. Our growth has been aided by our approach of strategic partnership with our customers. Customer intimacy, innovation and competitiveness form our value triangle.

Our registered and corporate office is located at TTC Industrial Area, Pawne, Navi Mumbai. We have regional offices in New Delhi, Thailand and USA. We presently have three manufacturing units at Tarapur, two manufacturing units at Taloja, Maharashtra and one manufacturing unit in USA. Both the units at Taloja are continuous process plants and one of the units is a 100% Export Oriented Unit (EOU). The manufacturing facility in USA is owned by our 100% step-down subsidiary Maybrook Inc. All our existing manufacturing units in India are certified for ISO 9001:2008 Quality Management Systems by Bureau Veritas Certification (India) Private Limited and have also obtained TPM awards from Japan Institute of Plant Maintenance. Further, we are in the process of setting up manufacturing units at Jhagadia, Gujarat which will be operational by May 2011 and at Suez, Egypt through our 100% step down subsidiary GC Egypt which will be operational by August 2011.

R&D programmes is key to successful innovation in our business. Our R&D Centre is recognized by the Department of Science and Technology, Government of India. Our R&D efforts are driven by our ‘Consumer-to-Chemistry’ strategy. This involves understanding the changing consumer trends and tuning our R&D efforts in line with our customer’s product development initiatives. We have a well-equipped R&D centre at Navi Mumbai to develop new products, technologies and applications for the personal and home care industry. Our R&D efforts also comprise of standardizing new analytical methods and identifying substitutes for certain raw materials. We have to our credit 18 patents in India and 10 patents in USA. In addition, we have applied for 12 patents in India and 1 patent in Europe.

Our Total Income and Profit after Tax (PAT) as per the restated standalone financial statements for Fiscal 2010 are Rs. 5941.80 mn and Rs. 403.42 mn respectively.

### **Our Competitive Strengths:**

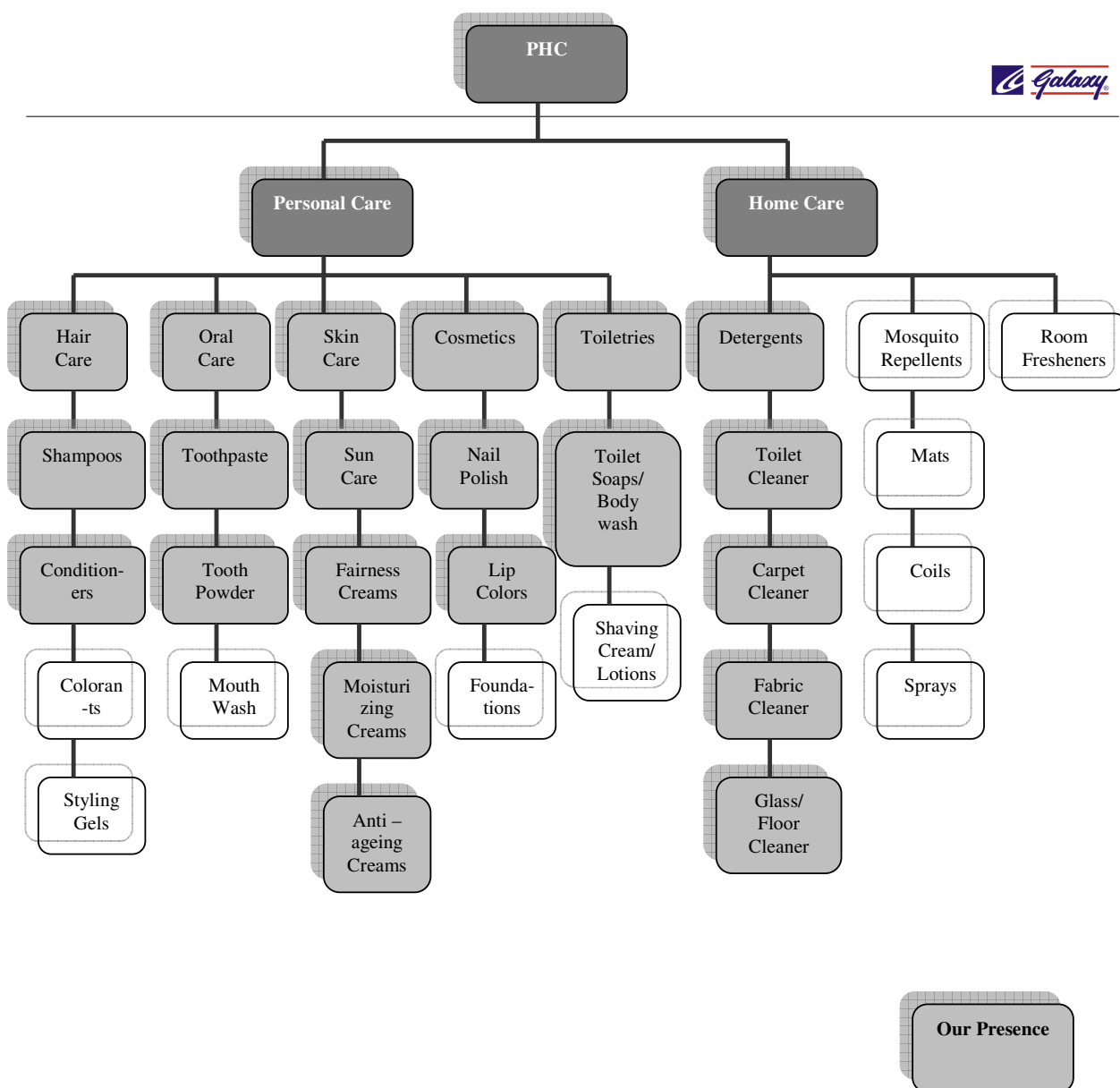
#### **Global brands as our customers**

We are global supplier to leading companies in the field of personal and home care segment. Our global customers include Beiersdorf, Colgate Palmolive, Ecolab, Henkel, Diversey, L’Oreal, Reckitt Benckiser, Unilever and other global giants in personal and home care segment.

We emphasize on providing innovative solutions to our customers and nurture relationships to drive our business growth. We partner with our customers and address the constantly changing consumer needs and trends. We have been able to retain our customers and have grown along with them. For instance, we started as a domestic supplier to Unilever and Colgate for select products and currently we supply them range of products across geographies. We have a continuing relationship with Unilever and Colgate over the last two decades.

#### **Wider Range of Product Offering in PHC Ingredients**

We have a wide range of offering with 66 products covering applications in hair care, oral care, skin care, toiletries and home care detergents. This product range is effectively leveraged to address the requirements of customers in a comprehensive manner.



**Strong Management Team:**

We are a professionally managed organization driven by qualified and experienced Board of Directors. Our Promoter Directors have excellent professional and academic qualifications and have been associated with our Company since its inception. Our Non-Executive directors have held senior management positions in leading global organizations in FMCG and other allied industries with strong domestic and international business experience.

Our key managerial personnel are well qualified with significant relevant industry experience and most of them have been associated with our Company for over ten (10) years.

International experience of our directors and senior management team drives our overseas business strategy and helps in leveraging various business opportunities across the globe.

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**Strong presence in India – A growth market**

The GDP growth registered by the Indian economy is the second highest in the world. The Indian personal care market is growing at more than 10% CAGR over the last three (3) years and the growth in the personal care ingredient market is in line with it. We believe that the GDP growth coupled with increase in per capita income is driving consumption of personal care products in India.

We are an established player in surfactants having application in personal care products with more than 60% market share in our product range of personal care performance chemicals (*Source: Euromonitor International*). Our customers include Ayur, CavinKare, Colgate Palmolive, Dabur, Emami, Hindustan Unilever, Henkel, ITC, L'Oreal, Marico, Procter & Gamble Home Products Limited to name a few. We have the largest continuous process plant in India for manufacturing surfactants used in personal care application. Hence, we believe that we are well positioned to leverage the growth opportunity offered by the Indian market and also meet the expansion requirement of our leading customers.

**In-house competence for setting up plants**

Our EOU at Taloja was set-up by our in-house project team in Fiscal 2004. All the subsequent de-bottlenecking of the facilities was done in-house within the stipulated time and earmarked budget. The upcoming facilities in Jhagadia, Gujarat and Suez, Egypt are also being implemented by our own project team. The in-house expertise developed with respect to setting-up of plants enables us to execute the projects in a cost efficient and timely manner.

**Strong R&D capabilities to drive Innovation:**

We are a research driven organization and believe in constant innovation through continuous interaction with our customers and the end-consumers. We have a well-equipped R&D Centre at Navi Mumbai to develop new products, technologies and applications for the personal and home care industry. Our R&D efforts also comprise of identifying substitutes for certain raw materials and standardizing new analytical methods. As of March 31, 2010, a competent team of 24 scientists including doctorates and engineers make our strong R&D team focussing on new products development and improving the application characteristics of our existing products and improving the process yield. We have to our credit 18 patents in India and 10 patents in US. In addition, we have applied for 12 patents in India and 1 in Europe. Our R&D Centre is recognised by the Department of Science and Technology. We have installed state of the art pilot plant facilities which facilitate trial runs of the new production processes and/or new products prior to commercial production.

Our R&D capabilities help our customers to innovate and manufacture products in line with the end consumers' emerging trends of preferences.

**Quality Management Systems:**

We have comprehensive quality management systems across the value chain right from procurement of raw materials till delivery of final products to the customer's location. All our existing units in India are certified for ISO 9001:2008 Quality Management Systems by Bureau Veritas Certification (India) Private Limited and have also obtained TPM awards from Japan Institute of Plant Maintenance. We believe that strict adherence to core quality management principles has enabled us to serve as global supplier to some of the leading Personal and Home Care companies. We are also a recipient of IMC Ramakrishna Bajaj National Quality Award in manufacturing category in 2008.

**Locational Advantage**

All our manufacturing units are strategically located in terms of proximity to customers and access to key raw materials. Our existing facilities at Tarapur and Taloja have an easy access to Jawaharlal Nehru Port Trust (JNPT), Navi Mumbai.

During Fiscal 2010 we acquired TRI-K in USA, which in addition to increasing our product portfolio, also expands our reach to American markets to help us in tapping new business opportunities.

We are at present setting up manufacturing facilities at Jhagadia, Gujarat and Suez, Egypt. Jhagadia is in close proximity to the source of Ethylene Oxide which is an important raw material.

We believe that our upcoming facility in Suez, Egypt located in a Public Free Zone will enhance our presence in markets such as Europe, Middle East, Africa and East Coast of North America.



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**Our Business Strategy:**

Our vision is to be a partner of choice and a global leader of surfactants and specialty chemicals by delivering superior product solutions to the PHC industry.

We continue to pursue the following four major elements of our growth strategy:

- Greater spread and reach in the global markets
- Setting up manufacturing facilities at strategic locations to expand globally
- Greater thrust on higher margin Specialty Chemicals
- Defend our leadership position in the domestic market

**Greater spread and reach in the global market**

In Fiscal 2010, our international business accounted for 57.7% of the restated consolidated sales which represented less than 1% of global personal care ingredients market. This indicates tremendous growth opportunity which could be addressed with enhanced focus on the global market.

We are leveraging our domestic relationships with global customers such as Unilever and Colgate to address their sourcing requirements in other geographies. At present, we export to over 70 countries. We intend to spread our reach to more countries and also penetrate deeper into the existing markets where we are present. We will pursue both organic and inorganic growth opportunities to achieve this objective.

We acquired TRI-K and its 100% subsidiary Maybrook Inc. in July 2009 through our step down subsidiary, Rainbow Holdings GmbH. TRI-K and Maybrook Inc. are US based companies operating out of New Jersey and New Hampshire respectively. They are in the business of specialty chemicals catering to Personal Care Industry. TRI-K is a reputed supplier in the US with focus on Skin and Hair Care since 1974. In addition to selling products under the TRI-K brand, it also has distribution business primarily focusing North America. Maybrook Inc. has its manufacturing facility at New Hampshire, where it makes proteins, protein condensates & quats for Personal Care. With this acquisition, we now have an extended presence in USA with additional technological capabilities in protein & protein derivatives, sunscreen formulations & botanicals to target higher end of the industry segment.

**Setting up manufacturing facilities at strategic locations**

Expansion of our manufacturing capacities is a continuous process to support our growth. We are setting up manufacturing units in Jhagadia, Gujarat and Suez, Egypt. The installed capacity in Jhagadia will be 77000 MTPA which will be operational by May 2011, whereas in Phase I of Suez, the installed capacity will be 50000 MTPA which will be operational by August 2011. In Phase II of Suez, additional installed capacity will be 40000 MTPA which will be operational by August 2012. We will look for more geographic locations suitable for catering to different markets and product ranges.

As we are a supplier of key personal care and home care ingredients in growing markets of Africa, Middle East and Turkey (AMET), our upcoming unit at Suez, Egypt will enable us to serve the AMET region efficiently and drive our growth in the region. Further, proximity to Europe and East Coast of North America of this facility will enable us to tap new markets that are difficult to be catered from India. This will also allow us to manage our supply chain effectively, both in terms of time and cost.

The upcoming domestic facility at Jhagadia, Gujarat will ensure logistical efficiencies due to its proximity to key raw material supplies and to the port.

**Thrust on Specialty Chemicals**

Specialty Chemicals are higher margin products which require multi stage processing and unique technical competencies. These products are characterized by their functionality like mildness, sun protection, emolliency, substantivity, etc. to the end products. Innovation in product and application development will be the key to success in this category. We have set up an Application Laboratory exclusively to analyze benefits and build the required functionality in the products. Our current portfolio of specialty chemicals comprises of sunscreen actives, mild surfactants, formulated mixtures, conditioners, cosmetic preservatives, syndet and transparent bar soap base, etc.

**Defending leadership position in the domestic market**

We are a leading player in personal care and home care ingredients market in India. We have been supplying to most of the global personal care companies operating in India and to other domestic customers such as Ayur, CavinKare, Dabur, Emami, ITC, Marico, Procter & Gamble Home Products Limited and have strengthened our relationship with product innovation and customized application development.

The market growth opportunity has resulted in emergence of regional and local players with whom we are partnering as value added service provider. We offer value added services with respect to technical specifications, blends and formulations.

We believe that our solution centric approach in nurturing customer relationships will help us defend and maintain our position in the domestic market.

## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth our selected historical financial information derived from the audited restated financial information for the years ended March 31, 2006, 2007, 2008, 2009 and 2010. The audited restated summary financial information presented below should be read in conjunction with the audited restated financial information included in the Draft Red Herring Prospectus, the notes thereto and the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 249 of the Draft Red Herring Prospectus.

### **RESTATED STANDALONE STATEMENT OF ASSETS & LIABILITIES**

(Rs.in mn)

	Particulars	As at 31st March				
		2006	2007	2008	2009	2010
(1)	Fixed Assets					
	Gross Block	1681.92	1707.84	1959.30	2347.68	2981.75
	Less Depreciation	560.55	664.07	768.42	893.46	1062.50
	Net Block	1121.37	1043.77	1190.88	1454.22	1919.25
	Less: Revaluation Reserve					
	Add: Capital Work in Progress	3.09	76.70	64.52	104.90	74.74
	Net Block after adjustment for Revaluation Reserve	1124.46	1120.47	1255.40	1559.12	1993.99
(1A)	Investments	4.91	4.91	4.91	5.01	428.63
(2)	Current Assets, Loans and Advances					
	Inventories	502.94	536.18	617.72	681.73	679.59
	Sundry Debtors	381.17	509.11	647.89	797.34	704.30
	Cash and Bank Balances	14.39	10.93	32.91	58.98	111.20
	Loans and Advances	65.81	135.59	157.93	308.17	349.94
	Other Current Assets	0.47	0.06	0.15	0.21	0.01
	Foreign Currency Monetary Item Translation Difference Account	-	-	-	1.92	0.05
	Total	964.78	1191.87	1456.60	1848.35	1845.09
(3)	Liabilities and Provisions:					
	Secured Loans	717.95	563.08	843.25	1104.51	1321.33
	Unsecured Loans	371.15	385.02	174.86	190.62	295.83
	Deferred Tax Liability	154.92	148.32	154.92	161.51	182.12
	Current Liabilities and Provisions	347.27	512.43	623.79	815.95	940.33
	Total	1591.29	1608.85	1796.82	2272.59	2739.61
(4)	<b>Net Worth</b>	<b>502.86</b>	<b>708.40</b>	<b>920.09</b>	<b>1139.89</b>	<b>1528.10</b>
(5)	Represented by					
	Share Capital	85.64	85.64	85.64	85.64	177.27
	Reserves	417.22	622.76	834.45	1054.25	1350.83
	Less: Revaluation Reserve	-	-	-	-	-
	Reserves (Net of revaluation reserves)	417.22	622.76	834.45	1054.25	1350.83
	<b>Net Worth</b>	<b>502.86</b>	<b>708.40</b>	<b>920.09</b>	<b>1139.89</b>	<b>1528.10</b>

The above statement should be read with the Significant Accounting Policies and Notes to the Standalone Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure V & VA respectively.

# **RESTATED STANDALONE STATEMENT OF PROFITS & LOSSES**

(Rs. in mn)

Year ended 31st March					
Particulars	2006	2007	2008	2009	2010
<b>Income</b>					
<b>Sales-Manufactured</b>					
Domestic	1420.67	1506.05	1649.20	2511.68	2721.22
Export	1275.03	1721.04	2170.01	3029.61	3155.82
<b>Sub-total (a)</b>	<b>2695.70</b>	<b>3227.09</b>	<b>3819.21</b>	<b>5541.29</b>	<b>5877.04</b>
<b>Sales-Traded</b>					
Domestic	-	-	-	-	4.98
Export			1.89	18.90	17.11
<b>Sub-total (b)</b>	<b>-</b>	<b>-</b>	<b>1.89</b>	<b>18.90</b>	<b>22.09</b>
<b>Total Sales (a+b)</b>	<b>2695.70</b>	<b>3227.09</b>	<b>3821.10</b>	<b>5560.19</b>	<b>5899.13</b>
Other Income	5.07	3.41	46.07	34.13	30.29
Increase/(decrease) in inventories	24.49	64.62	22.38	98.88	12.38
<b>Total</b>	<b>2725.26</b>	<b>3295.12</b>	<b>3889.55</b>	<b>5693.20</b>	<b>5941.80</b>
<b>Expenditure</b>					
Material Consumed	1999.83	2266.08	2723.94	4239.66	4133.71
Staff Cost	120.04	153.33	181.62	235.15	296.00
Other Manufacturing Costs	163.71	182.68	216.25	255.68	314.18
Administrative Expenses	72.89	84.66	104.41	135.72	151.75
Loss on Sale/Discard of Assets	0.69	0.10	17.58	6.95	0.41
Selling Expenses	80.04	104.43	105.60	145.51	146.17
Foreign Exchange Fluctuation Loss – Trade related (Net)	-	6.49	-	34.52	1.44
Advance Given written off	-	-	-	-	40.76
<b>Interest and Finance Charges</b>					
Interest	78.97	70.48	83.66	111.81	125.95
Currency Swap & Loan Processing Charges	5.84	0.60	4.09	10.56	9.75
Foreign Exchange Fluctuation Loss/(Gain) on Loans	0.40	(0.40)	(2.26)	50.22	(10.97)
<b>Total</b>	<b>2522.41</b>	<b>2868.45</b>	<b>3434.89</b>	<b>5225.78</b>	<b>5209.15</b>
<b>Net Profit before depreciation, tax &amp; extraordinary items</b>	<b>202.85</b>	<b>426.67</b>	<b>454.66</b>	<b>467.42</b>	<b>732.65</b>
Depreciation	108.21	110.88	120.37	147.01	172.56
<b>Net profit before tax and extraordinary items</b>	<b>94.64</b>	<b>315.79</b>	<b>334.29</b>	<b>320.41</b>	<b>560.09</b>
Current Tax	22.90	71.00	64.10	44.60	136.34
Prior Year Tax Adjustments	-	(5.16)	-	-	(0.28)
Deferred Tax	9.24	(6.60)	6.60	6.59	20.61
Fringe Benefit Tax	1.80	1.30	1.80	2.20	-
<b>Net Profit before extraordinary items</b>	<b>60.70</b>	<b>255.25</b>	<b>261.79</b>	<b>267.02</b>	<b>403.42</b>
Extraordinary Items (net of tax)	-	-	-	-	-
<b>Net Profit after extraordinary items</b>	<b>60.70</b>	<b>255.25</b>	<b>261.79</b>	<b>267.02</b>	<b>403.42</b>

The above statement should be read with the Significant Accounting Policies and Notes to the Standalone Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure V & VA respectively.

**RESTATED STANDALONE STATEMENT OF CASH FLOWS**
*(Rs. in mn)*

	Particulars	For the Year Ended 31st March				
		2006	2007	2008	2009	2010
<b>A</b>	<b>Cash Flow from Operating Activities:</b>					
	Net Profit before tax, Extraordinary items	94.64	315.79	334.29	320.41	560.09
	Adjustments for:					
	Depreciation	108.21	110.88	120.37	147.01	172.56
	Interest Paid	85.21	70.68	85.49	172.59	124.73
	Loss on Sale of Assets	0.69	0.10	17.58	6.95	0.41
	Interest Income	(0.53)	(0.45)	(1.03)	(0.89)	(6.55)
	Dividend Income	(0.04)	(0.06)	(0.04)	(0.05)	(0.09)
	<b>Operating Profit before Working Capital changes</b>	<b>288.18</b>	<b>496.94</b>	<b>556.66</b>	<b>646.02</b>	<b>851.15</b>
	<b>Working Capital changes</b>					
	(Increase)/ Decrease in Trade & Other Receivables	(16.54)	(127.94)	(138.78)	(149.45)	93.04
	(Increase)/ Decrease in Other Advances	(2.64)	(49.80)	(29.36)	(121.57)	(50.81)
	(Increase)/ Decrease in Inventories	24.41	(33.24)	(81.54)	(64.01)	2.14
	Increase/ (Decrease) in Current Liabilities & Other Liabilities	(16.80)	140.07	96.32	187.37	125.27
	<b>Cash generated from Operations</b>	<b>276.61</b>	<b>426.03</b>	<b>403.30</b>	<b>498.36</b>	<b>1,020.79</b>
	Income Taxes paid (Net)	(28.81)	(87.33)	(58.88)	(70.68)	(108.92)
	<b>Net Cash Flow from Operating Activities (a)</b>	<b>247.80</b>	<b>338.70</b>	<b>344.42</b>	<b>427.68</b>	<b>911.87</b>
<b>B</b>	<b>Cash Flow from Investing Activities:</b>					
	Capital Expenditure	(83.34)	(108.40)	(273.64)	(458.18)	(608.54)
	Sale of Fixed Assets	0.16	1.42	0.76	0.50	0.69
	Investments in Subsidiaries	-	-	-	(0.10)	(423.59)
	Other Investments	-	-	-	-	(0.03)
	Interest received	0.53	0.45	1.03	0.89	6.55
	Dividend Income	0.04	0.06	0.04	0.05	0.09
	Redemption of IDBI bonds	0.10	-	-	-	-
	<b>Net Cash used in Investing Activities (b)</b>	<b>(82.51)</b>	<b>(106.47)</b>	<b>(271.81)</b>	<b>(456.84)</b>	<b>(1,024.83)</b>
<b>C</b>	<b>Cash Flow from Financing Activities:</b>					
	Issue of Equity Shares	-	-	-	-	66.00
	Net Secured Borrowings	(219.23)	(154.87)	280.17	261.26	216.82
	Fixed Deposits	(0.62)	(4.43)	7.10	16.12	105.17
	Receipt/ (Repayment) of Loans from Directors	9.03	(4.23)	0.44	(1.59)	(5.94)
	Loan from others	150.00	20.05	(216.01)	3.33	12.72
	Interest Paid	(85.21)	(70.68)	(85.49)	(172.59)	(124.73)
	Sales Tax Deferrals / MIDC Incentives	4.59	2.48	(1.69)	(2.10)	(6.74)
	Foreign Currency Translation Difference	-	-	-	0.96	1.87
	Equity Dividend & Dividend Tax thereof	(24.41)	(24.42)	(35.06)	(50.10)	(100.19)
	<b>Net Cash Flow from Financing Activities (c)</b>	<b>(165.85)</b>	<b>(236.10)</b>	<b>(50.54)</b>	<b>55.29</b>	<b>164.98</b>
	Net Increase / (Decrease) in Cash and Cash Equivalents (a+b+c)	(0.56)	(3.87)	22.07	26.13	52.02
	Cash and Cash Equivalents as at the beginning of the year	15.42	14.86	10.99	33.06	59.19
	Cash and Cash Equivalents as at the end of the year	14.86	10.99	33.06	59.19	111.21
	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(0.56)</b>	<b>(3.87)</b>	<b>22.07</b>	<b>26.13</b>	<b>52.02</b>

# **RESTATED CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES**

(Rs. in mn)

	Particulars	As at 31 <sup>st</sup> March				
		2006	2007	2008	2009	2010
(1)	Fixed Assets					
	Gross Block	1,682.89	1,708.79	1,960.27	2,348.95	3,026.89
	Less: Depreciation	560.84	664.54	769.05	894.61	1,070.91
	Net Block	1,122.05	1,044.25	1,191.22	1,454.34	1,955.98
	Less: Revaluation Reserve	-	-	-	-	-
	Add: Capital Work in Progress	3.09	76.70	64.52	104.90	242.77
	Net Block after adjustment for Revaluation Reserve	1,125.14	1,120.95	1,255.74	1,559.24	2,198.75
(1A)	Investments	0.29	0.29	0.29	0.29	0.32
(2)	Current Assets, Loans and Advances					
	Inventories	502.94	536.18	617.72	681.73	793.21
	Sundry Debtors	381.17	509.11	647.89	797.34	792.21
	Cash and Bank Balances	17.05	11.73	35.13	63.92	185.61
	Loans and Advances	66.02	135.94	158.23	300.97	363.85
	Other Current Assets	0.47	0.06	0.15	0.21	0.01
	Foreign Currency Monetary Item Translation Difference Account	-	-	-	1.92	0.05
	Total	967.65	1,193.02	1,459.12	1,846.09	2,134.94
(3)	Liabilities and Provisions					
	Secured Loans	717.95	563.08	843.25	1,104.51	1,321.33
	Unsecured Loans	371.15	385.02	174.86	190.62	295.83
	Deferred Tax Liability	154.92	148.32	154.92	161.51	178.12
	Current Liabilities and Provisions	345.87	509.77	621.50	806.68	1,030.61
	Total	1,589.89	1,606.19	1,794.53	2,263.32	2,825.89
(4)	<b>Net Worth</b>	<b>503.19</b>	<b>708.07</b>	<b>920.62</b>	<b>1,142.30</b>	<b>1,508.12</b>
(5)	Represented by					
	Share Capital	85.64	85.64	85.64	85.64	177.27
	Reserves	417.55	622.43	834.98	1,056.66	1,299.73
	Less: Revaluation Reserve	-	-	-	-	-
	Reserves (Net of revaluation reserves)	417.55	622.43	834.98	1,056.66	1,299.73
	Capital Reserve on Consolidation	-	-	-	-	31.12
	<b>Net Worth</b>	<b>503.19</b>	<b>708.07</b>	<b>920.62</b>	<b>1,142.30</b>	<b>1,508.12</b>

The above statement should be read with the Significant Accounting Policies and Notes to the Consolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV & IVA respectively.



# **RESTATED CONSOLIDATED STATEMENT OF PROFIT & LOSSES**

(Rs. in mn)

Particulars	For the year ended				
	2006	2007	2008	2009	2010
<b>Income</b>					
<b>Sales- Manufactured</b>					
Domestic	1,420.67	1,506.05	1,649.20	2,511.68	2,721.22
Export	1,275.03	1,721.04	2,170.01	3,029.61	3,228.32
<b>Sub-total (a)</b>	<b>2,695.70</b>	<b>3,227.09</b>	<b>3,819.21</b>	<b>5,541.29</b>	<b>5,949.54</b>
<b>Sales-Traded</b>					
Domestic	-	-	-	-	4.98
Export	-	-	1.89	18.90	488.05
<b>Sub-total (b)</b>	<b>-</b>	<b>-</b>	<b>1.89</b>	<b>18.90</b>	<b>493.03</b>
<b>Total Sales (a+b)</b>	<b>2,695.70</b>	<b>3,227.09</b>	<b>3,821.10</b>	<b>5,560.19</b>	<b>6,442.57</b>
Other Income	5.07	3.41	46.07	34.18	43.02
Increase(decrease) in inventories	24.49	64.62	22.38	98.88	12.38
<b>Total</b>	<b>2,725.26</b>	<b>3,295.12</b>	<b>3,889.55</b>	<b>5,693.25</b>	<b>6,497.97</b>
<b>Expenditure</b>					
Material consumed	1,999.83	2,266.08	2,723.94	4,239.66	4,434.00
Staff cost	127.01	160.83	191.87	250.66	491.38
Other Manufacturing Costs	163.71	182.68	216.25	255.68	314.18
Administrative Expenses	75.86	88.83	108.27	143.51	278.86
Loss on Sale/Discarded assets	0.69	0.10	17.58	6.95	0.41
Selling Expenses	69.70	93.05	90.07	120.92	130.12
Foreign Exchange Fluctuation Loss – Trade Related (Net)	-	6.49	-	34.52	1.44
Advance Given written off	-	-	-	-	20.74
<b>Interest and Finance Charges</b>					
Interest	78.97	70.48	83.66	111.81	125.95
Currency Swap & Loan Processing Charges	5.84	0.60	4.09	10.56	9.75
Foreign Exchange Fluctuation Loss/(Gain) on Loans	0.40	(0.40)	(2.26)	50.22	(10.97)
<b>Total</b>	<b>2,522.01</b>	<b>2,868.74</b>	<b>3,433.47</b>	<b>5,224.49</b>	<b>5,795.86</b>
<b>Net Profit before depreciation, tax &amp; extraordinary items and minority interest</b>	<b>203.25</b>	<b>426.38</b>	<b>456.08</b>	<b>468.76</b>	<b>702.11</b>
Depreciation	108.40	111.08	120.56	147.34	178.67
<b>Net profit before tax and extraordinary items and minority interest</b>	<b>94.85</b>	<b>315.30</b>	<b>335.52</b>	<b>321.42</b>	<b>523.44</b>
Current Tax	23.02	71.08	64.28	44.90	143.74
Prior Year Tax Adjustments	-	(5.16)	-	-	(0.28)
Deferred Tax	9.24	(6.60)	6.60	6.59	19.66
Fringe Benefit Tax	1.80	1.30	1.80	2.20	-
<b>Net profit after tax but before extraordinary items and minority interest</b>	<b>60.79</b>	<b>254.68</b>	<b>262.84</b>	<b>267.73</b>	<b>360.32</b>
Minority Interest	-	-	-	-	(18.49)
<b>Net Profit before extraordinary items</b>	<b>60.79</b>	<b>254.68</b>	<b>262.84</b>	<b>267.73</b>	<b>378.81</b>
Extraordinary Items(Net of Tax)	-	-	-	-	-
<b>Net Profit after extraordinary items</b>	<b>60.79</b>	<b>254.68</b>	<b>262.84</b>	<b>267.73</b>	<b>378.81</b>

The above statement should be read with the Significant Accounting Policies and Notes to the Consolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV & IVA respectively.

# **RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS**

(Rs. in mn)

Particulars	For the year ended 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
<b>Cash Flow from Operating Activities:</b>					
<b>Net profit before tax and extraordinary items and minority interest</b>	94.85	315.3	335.52	321.42	523.44
Adjustments for:					
Depreciation	108.40	111.08	120.56	147.34	176.69
Minority interest	-	-	-	-	18.49
Interest Paid	85.21	70.68	85.49	172.59	124.73
Loss on Sale of Assets	0.69	0.10	17.58	6.95	0.22
Interest Income	(0.53)	(0.45)	(1.03)	(0.94)	(9.26)
Dividend Income	(0.04)	(0.06)	(0.04)	(0.05)	(0.09)
Profit on sale of subsidiary credited to P&L Account	-	-	-	-	(1.04)
<b>Operating Profit before Working Capital changes</b>	<b>288.58</b>	<b>496.65</b>	<b>558.08</b>	<b>647.31</b>	<b>833.18</b>
<b>Working Capital changes:</b>					
(Increase)/Decrease in Trade & Other Receivables	(12.12)	(127.94)	(138.78)	(149.45)	84.96
(Increase)/Decrease in Other Advances	(2.66)	(69.92)	(22.29)	(142.74)	(58.16)
(Increase)/Decrease in Inventories	24.41	(33.24)	(81.54)	(64.01)	14.01
Increase/(Decrease) in Current & Other Liabilities	(19.54)	158.77	89.50	208.95	162.58
<b>Cash generated from Operations</b>	<b>278.67</b>	<b>424.32</b>	<b>404.97</b>	<b>500.06</b>	<b>1,036.57</b>
Income Taxes paid (Net)	(28.94)	(87.41)	(58.88)	(70.88)	(110.38)
<b>Net Cash Flow from Operating Activities (a)</b>	<b>249.73</b>	<b>336.91</b>	<b>346.09</b>	<b>429.18</b>	<b>926.19</b>
<b>Cash Flow from Investing Activities:</b>					
Capital Expenditure	(83.41)	(108.40)	(273.73)	(458.24)	(773.96)
Sale of Fixed Assets	0.16	1.42	0.76	0.50	0.89
Acquisition of Subsidiaries	-	-	-	-	(188.28)
Remission on disposal of Subsidiary	-	-	-	-	1.04
Purchase Investments	-	-	-	-	(0.03)
Interest received	0.53	0.45	1.03	0.94	9.26
Dividend Received	0.04	0.06	0.04	0.05	0.09
Redemption of IDBI Bonds	0.10	-	-	-	-
Foreign Currency Translation Adjustments	(0.03)	(0.07)	(0.16)	1.13	(28.95)
<b>Net cash used in Investing Activities (b)</b>	<b>(82.61)</b>	<b>(106.54)</b>	<b>(272.06)</b>	<b>(455.62)</b>	<b>(979.94)</b>
<b>Cash Flow from Financing Activities:</b>					
Issue of Equity Shares	-	-	-	-	66.00
Net Secured Borrowings	(219.23)	(154.87)	280.17	261.26	216.82
Fixed Deposits	(0.62)	(4.43)	7.10	16.12	105.17
Receipt/(Repayment) of Loans from Directors	9.03	(4.23)	0.44	(1.59)	(5.94)
Loan from others	150.00	20.05	(216.01)	3.33	12.72
Interest Paid	(85.21)	(70.68)	(85.49)	(172.59)	(124.73)
Sales Tax Deferrals/ MIDC Incentives	4.59	2.48	(1.69)	(2.10)	(6.74)
Foreign Currency Translation difference	-	-	-	0.96	1.87
Equity Dividend & Dividend Tax thereof	(24.41)	(24.42)	(35.06)	(50.10)	(100.19)
<b>Net cash flow from Financing Activities (c)</b>	<b>(165.85)</b>	<b>(236.10)</b>	<b>(50.54)</b>	<b>55.29</b>	<b>164.98</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (a + b + c)</b>	<b>1.27</b>	<b>(5.73)</b>	<b>23.49</b>	<b>28.85</b>	<b>111.23</b>
Cash and Cash Equivalents as at the beginning of the year	16.25	17.52	11.79	35.28	64.13
Addition on Acquisition of Subsidiary	-	-	-	-	10.26

Particulars	For the year ended 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
Adjusted Opening Balance	16.25	17.52	11.79	35.28	74.39
Cash and Cash Equivalents as at the end of the year	17.52	11.79	35.28	64.13	185.62
Net Increase/(Decrease) in Cash and Cash Equivalents	1.27	(5.73)	23.49	28.85	111.23

## THE ISSUE

The following table summarizes the Issue details:

<b>Equity Shares Offered</b>	5,930,000 Equity Shares
<b>Of which</b>	
<b>QIB Portion <sup>(a)</sup></b>	Upto 2,965,000 Equity Shares
• <b>Anchor Investor Portion <sup>(b)</sup></b>	Upto 889,500 Equity Shares
• <b>Net QIB Portion</b>	[●] Equity Shares
➤ <b>Mutual Fund Portion <sup>(c)</sup></b>	[●] Equity Shares
➤ <b>Other QIBs (including Mutual Funds) <sup>(c)</sup></b>	[●] Equity Shares
<b>Non-Institutional Portion <sup>(d)</sup></b>	Not less than 889,500 Equity Shares
<b>Retail Portion <sup>(d)</sup></b>	Not less than 2,075,500 Equity Shares
<b>Equity Shares outstanding prior to the Issue</b>	17,727,376 Equity Shares
<b>Equity Shares outstanding after the Issue</b>	23,657,376 Equity Shares
<b>Use of Proceeds</b>	For details in relation to use of the Issue Proceeds, please refer to the chapter titled “Objects of the Issue” on page 72 of the Draft Red Herring Prospectus.

(a) This Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to QIBs, except allocation to Anchor Investors.

(b) Our Company may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which one-third will be available for allocation to domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

(c) Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than 5% of the Net QIB Portion, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to other QIBs on a proportionate basis, subject to valid Bids at or above Issue Price.

(d) Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, Non-Institutional Portion or Retail Portion would be allowed to be met with spill-over from other categories or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

## GENERAL INFORMATION

### Incorporation

Our Company was originally incorporated as “Galaxy Surfactants Private Limited”, under the provisions of the Companies Act, *vide* Certificate of Incorporation dated May 20, 1986 with registration number 39877, issued by the RoC. Subsequently, pursuant to a resolution passed at the meeting of the Board of Directors held on December 12, 1994, and a special resolution of the shareholders of our Company at the EGM held on January 24, 1995, our Company was converted into a public limited company and the name of our Company was changed from “Galaxy Surfactants Private Limited” to “Galaxy Surfactants Limited” and a certificate for change of name was issued by the RoC on March 13, 1995.

Subsequently, our Company took over the business of a partnership firm in the name of “M/s. Galaxy Chemicals” on slump sale basis *vide* an agreement dated January 04, 1995. Further, pursuant to a resolution passed at the meeting of the Board of Directors held on February 09, 1995, our Company entered into a scheme of amalgamation with Galaxy Organics Private Limited which was approved by the High Court of Judicature at Bombay on September 28, 1995. Subsequently, pursuant to a resolution passed at the meeting of the Board of Directors held on December 14, 2000 and a special resolution passed by the shareholders of our Company at the EGM held on February 09, 2001, our Company entered into a Scheme of Amalgamation with Galaxy Oleo-Chem (India) Limited which was approved by the High Court of Judicature at Bombay on April 26, 2001.

For further details on slump sale agreement and the schemes of amalgamation, please refer to paragraphs titled “*Acquisition of M/s. Galaxy Chemicals*” and “*Schemes of Amalgamation*”, respectively in chapter titled “*History and Certain Corporate Matters*” on page 139 and 140 respectively of the Draft Red Herring Prospectus.

### Registered and Corporate Office of our Company

C-49/2, TTC Industrial Area,  
Pawne, Navi Mumbai – 400 703,  
Maharashtra, India

**Tel:** +91 - 22 – 2761 6666 / 6513 4444

**Fax:** +91 - 22 – 2761 5883 / 2761 5886

**Email:** galaxy@galaxysurfactants.com

**Website:** www.galaxysurfactants.com

For details of changes in the registered office, please refer to paragraph titled “*Changes in the Registered Office*” in chapter titled “*History and Certain Corporate Matters*” on page 139 of the Draft Red Herring Prospectus.

**Registration Number:** 39877

**Corporate Identification Number:** U39877MH1986PLC039877

### Address of the Registrar of Companies

Our Company is registered at the Registrar of Companies, Maharashtra, located at Everest, 5<sup>th</sup> Floor, 100 Marine Drive, Mumbai – 400 002, Maharashtra, India.

### Board of Directors

Our Board of Directors as on the date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names, designation and occupation of the Directors	Age (years)	Address	Nature of Directorship	Director's Identification Number
1.	Mr. Shekhar Ravindranath Chairman	63	30 <sup>th</sup> Floor, Tower 3, Planet Godrej, 30, Keshavrao Khadye Marg, Near Jacob Circle, Mumbai 400 011, Maharashtra,	Independent Director	00011680

Sr. No.	Names, designation and occupation of the Directors	Age (years)	Address	Nature of Directorship	Director's Identification Number
	<b>Occupation:</b> Management Consultant		India.		
2.	Mr. Unnathan Shekhar Managing Director  <b>Occupation:</b> Business	56	“Saradha Nivas”, Plot No. 53, Sector-28, Vashi, Navi Mumbai – 400 703, Maharashtra, India.	Executive Director	00265017
3.	Mr. Gopalkrishnan Ramakrishnan Whole-time Director  <b>Occupation:</b> Business	56	“Raaj”, Plot No. 51, Sector- 28, Vashi, Navi Mumbai – 400 703, Maharashtra, India.	Executive Director	00264760
4.	Mr. Shashikant Rayappa Shanbhag Whole-time Director  <b>Occupation:</b> Business	56	501, Tirupati, Plot No. 32, Sector 19, Nerul, Navi Mumbai – 400 706, Maharashtra, India.	Executive Director	00265103
5.	Mr. Sudhir Dattaram Patil Director  <b>Occupation:</b> Business	55	“Sumati”, Plot 4B, Nandadeep, Co-operative Housing Society, Cross Road No. 4, Jayaprakash Nagar, Goregaon (East), Mumbai - 400 063, Maharashtra, India.	Non- Executive and Non-Independent Director	00264933
6.	Mr. Uday Krishna Kamat Whole-time Director  <b>Occupation:</b> Company Executive	56	Flat No. 9, Ganesh Villa, Tejpal Scheme, Road No. 2, Vile Parle (East), Mumbai – 400 057, Maharashtra, India	Executive Director	00226886
7.	Mr. Venkatesh Kasturirangan Director  <b>Occupation:</b> Management Consultant	63	359, Frogtown Road, New Canaan, Connecticut - 06840, USA.	Non- Executive and Non-Independent Director	00804869
8.	Mr. Subodh Satchitanand Nadkarni Director  <b>Occupation:</b> Company Executive	54	D-32, Mangireesh 520, L.J. Road, Mahim (West), Mumbai 400 016	Independent Director	00145999
9.	Mr. Melarkode Ganesan Parameswaran Director  <b>Occupation:</b> Company Executive	55	62 – A, 6 <sup>th</sup> Floor, Technocrat Co-operative Housing Society, Off. Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025, Maharashtra, India.	Independent Director	00792123

For further details on our Board of Directors, please refer to paragraph titled “*Board of Directors*” and “*Brief Profile of Directors of our Company*” in chapter titled “*Our Management*” on pages 153 and 155, of the Draft Red Herring Prospectus.

#### Company Secretary and Compliance Officer

**Mr. Ganesh Kamath**

Galaxy Surfactants Limited,  
C-49/2, TTC Industrial Area,



Pawne, Navi Mumbai – 400 703,  
Maharashtra, India.

**Tel. No.:** +91 - 22 - 2761 6666 / 6513 4444  
**Fax No.:** +91 - 22 - 2761 5883 / 2761 5886  
**Email:** investorservices@galaxysurfactants.com

*Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue problems such as non-receipt of letters of allotment, no credit of allotted Equity Shares in the respective beneficiary accounts or refund orders.*

*All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch where the ASBA Form was submitted.*

*For all Issue related queries and for redressal of complaints, Bidders may also write to the BRLMs. All complaints, queries or comments received by SEBI shall be forwarded to the BRLMs, who shall respond to the same.*

#### ISSUE MANAGEMENT TEAM:

<b>Book Running Lead Managers</b>	
<b>Motilal Oswal Investment Advisors Private Limited</b>  113/114, Bajaj Bhawan, 11 <sup>th</sup> Floor, Nariman Point, Mumbai- 400 021, Maharashtra, India  <b>Tel:</b> + 91 22 3980 4380 <b>Fax:</b> + 91 22 3980 4315 <b>E-mail:</b> galaxy.ipo@motilaloswal.com <b>Website:</b> www.motilaloswal.com <b>Contact Person:</b> Ms. Akshata Tambe <b>Investor Grievance Id:</b> moiaplredressal@motilaloswal.com <b>SEBI Registration Number:</b> INM 000011005	<b>Centrum Capital Limited</b>  Centrum House, CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India  <b>Tel:</b> +91 22 4215 9000 <b>Fax:</b> +91 22 4215 9707 <b>E-mail:</b> gsl.ipo@centrum.co.in <b>Website:</b> www.centrum.co.in <b>Contact Person:</b> Mr. Gaurav Saravgi / Ms. Rachna Nawhal <b>Investor Grievance Id:</b> igmbd@centrum.co.in <b>SEBI Registration Number:</b> INM000010445
<b>Registrar to the Issue</b>	<b>Legal Advisors to the Issue</b>
<b>Link Intime India Private Limited</b>  C -13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078, Maharashtra, India.  <b>Tel:</b> +91-22-2596 0320 <b>Fax:</b> +91-22-2596 0329 <b>Email:</b> gsl.ipo@linkintime.co.in <b>Website:</b> www.linkintime.co.in <b>Contact Person:</b> Mr. Sanjog Sud <b>SEBI Registration No:</b> INR000004058	<b>M/s. Crawford Bayley &amp; Co.</b> Advocates & Solicitors  State Bank Buildings, 4th floor, N. G. N. Vaidya Marg, Fort, Mumbai - 400 023, Maharashtra, India  <b>Tel:</b> +91-22-2266 8000 <b>Fax:</b> +91-22-2266 3978 <b>E-mail:</b> sanjay.asher@crawfordbayley.com
<b>Statutory Auditors of our Company</b>	<b>Bankers To The Issue / Escrow Collection Bank(s)</b>
<b>M/s. P.D.Kunte &amp; Co.</b> Chartered Accountants  205/206, Turf Estate, Shakti Mills Lane, Off Dr. E. Moses Road,	The Bankers to the Issue / The Escrow Collection Bank(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC.

Mumbai – 400 011 Maharashtra, India  Tel: +91 -22 – 2490 3751/ 2490 3752 Fax: +91 -22 – 2490 3754 E-mail: mail@pdkunte.com	
<b>Refund Banker(s)</b>	<b>Self Certified Syndicate Banks</b>
The Refund Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC.	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
<b>Syndicate Member(s)</b>	<b>Brokers to this Issue</b>
The Syndicate Member(s) will be appointed prior to filing the Red Herring Prospectus with RoC.	All the members of the recognised stock exchanges would be eligible to act as brokers to the Issue.

#### BANKERS OF OUR COMPANY

<b>Standard Chartered Bank</b>  90, Mahatma Gandhi Road, Mumbai- 400 001, Maharashtra, India  <b>Tel:</b> +91 - 22 - 2201 8372 <b>Fax:</b> +91 - 22 - 2201 9208 <b>E-mail:</b> mumbai.csc@sc.com	<b>The Saraswat Co - operative Bank Limited</b>  SME Branch, Prabhat Bhavan, Opposite CIPLA, 1 <sup>st</sup> Floor, LBS Marg, Vikhroli (West) Mumbai- 400 083, Maharashtra, India  <b>Tel.:</b> +91 - 22 - 4249 9999 / 00 / 01 <b>Fax:</b> +91 - 22 - 4249 9988 <b>E-mail:</b> incharge_vikhroliwest@saraswatbank.com
<b>IDBI Bank Limited</b>  IDBI Tower, Cuffe Parade, Mumbai- 400 005, Maharashtra, India  <b>Tel:</b> +91 - 22 - 6655 2878 / 6655 3363 <b>Fax:</b> +91 - 22 - 2216 0785 <b>E-mail:</b> sv.mengle@idbi.co.in	<b>Citi Bank N.A</b>  IL&FS Building, 7 <sup>th</sup> Floor, Bandra Kurla Complex Bandra (E), Mumbai- 400 051 Maharashtra, India  <b>Tel:</b> +91 - 22 - 40296462 <b>Fax:</b> +91 - 22 - 66781961 <b>E-mail:</b> india.citiservice@citi.com
<b>DBS Bank Limited</b>  Fort House, 221 Dr D. N. Road Fort, Mumbai- 400 001, Maharashtra, India  <b>Tel:</b> +91 - 22 - 6638 8888 <b>Fax:</b> +91 - 22 - 6614 7599 <b>E-mail:</b> customercare@dbs.com	<b>The Shamrao Vithal Co-operative Bank Limited</b>  Sanpada Branch, Shop No. 1, Bhumiraj Manor CHS Limited, Plot No. 3, Sector 14, Sanpada (E), Navi Mumbai- 400 705  <b>Tel:</b> +91 - 22 - 2781 1791 / 92 <b>Fax:</b> +91 - 22 - 2781 1793 <b>E-mail:</b> sanpada@svcbank.com

<b>Standard Chartered Bank - London</b> New London Bridge House 25 London Bridge Street London SE1 9TB  <b>Tel :</b> +44 020 7885 6621 <b>Fax:</b> + 44 020 7885 0760 <b>Email:</b> simon.williams@sc.com	<b>DBS Bank Limited - Singapore</b> 6 Shenton Way # 31-00, DBS Building Tower One, Singapore 068809.  <b>Tel:</b> +65 6878 3747 / 6878 8521 <b>Fax:</b> +65 6324 4427 <b>Email:</b> priscillialee@dbs.com;
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### Statement of Responsibility of the BRLMs

The responsibilities and co-ordination of roles for various activities in this Issue have been distributed among Motilal Oswal Investment Advisors Private Limited and Centrum Capital Limited in their capacities as BRLMs. The details of inter-se allocation of responsibilities between the BRLMs are as follows:

Sr. No.	Activity	Responsibility	Coordinator
1.	Capital structuring with relative components and formalities.	Motilal Oswal, Centrum	Motilal Oswal
2.	Drafting and approval of all statutory advertisements.	Motilal Oswal, Centrum	Motilal Oswal
3.	Due Diligence of the Company including its operations / management / business / plans / legal, etc. Drafting and design of the Offer Document and of statutory advertisements containing salient features of the Prospectus.  The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalization of Prospectus and RoC filing.	Motilal Oswal, Centrum	Motilal Oswal
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned above, including corporate advertisements, brochures, etc.	Motilal Oswal, Centrum	Motilal Oswal
5.	Appointment of Registrar to the Issue and printers	Motilal Oswal, Centrum	Centrum
6.	Appointment of other intermediaries including advertising agency and Bankers to the Issue.	Motilal Oswal, Centrum	Motilal Oswal
7.	Non-institutional and retail marketing of the Issue, which will cover, <i>inter alia</i> :	Motilal Oswal, Centrum	Centrum
	• Finalizing media, marketing and public relations strategy;		
	• Finalizing centres for holding conferences for brokers, etc.		
	• Follow – up on distribution of publicity and Issue material including forms, the Prospectus and deciding on the quantum of Issue material; and		
	• Finalizing collection centres.		
8.	Institutional marketing of the Issue, which will cover, <i>inter alia</i> :	Motilal Oswal, Centrum	Motilal Oswal
	• Finalizing the list and division of investors for one to one meetings, institutional allocation.		
9.	Pricing, managing the book, co – ordination with the Stock Exchanges and allocation to QIB Bidders.	Motilal Oswal, Centrum	Motilal Oswal
10.	Post – issue activities, which shall involve essential follow – up steps including follow – up with Bankers to the Issue and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Issue, based on correct figures, finalization of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates, or demat credit and refunds and coordination with various agencies connected with the post – issue activity such as Registrars to the Issue, Bankers to the Issue, SCSBs, etc.	Motilal Oswal, Centrum	Centrum

Even if any of these activities are being handled by other intermediaries, the BRLMs shall be responsible for ensuring that these intermediaries fulfil their functions and enable them to discharge their responsibility through suitable agreements with our Company.

### **Credit Rating**

As this is an Issue of equity shares, credit rating is not required for this Issue.

### **IPO Grading Agency**

[●]

#### ***IPO Grading:***

This issue has been graded by [●] and has been assigned the “IPO grade [●] indicating [●] fundamentals through its letter dated [●]. The initial public offer grading is assigned on a five point scale from 1 to 5 with an “IPO Grade 5” indicating strong fundamentals and an “IPO Grade 1” indicating poor fundamentals. A copy of the report provided by [●], furnishing the rationale for its grading will be available for inspection at our Registered Office.

#### ***Summary of rationale for grading by the IPO Grading Agency:***

[●]

### **Expert Opinion**

Except the report provided by the IPO Grading Agency (a copy of which will be annexed to the Red Herring Prospectus), our Company has not obtained any expert opinions.

### **Trustees**

As this is an Issue of equity shares, the appointment of Trustees is not required.

### **Monitoring Agency**

As the Issue size will not exceed Rs. 5,000 million, the appointment of Monitoring Agency would not be required under Regulation 16 of the SEBI (ICDR) Regulations. The Board of Directors of our Company will monitor the use of the proceeds of this Issue.

### **Appraising Entity**

The objects of this Issue have not been appraised by any agency. The objects of this Issue and means of finance therefore are based on internal estimates of our Company.

### **Book Building Process**

Book Building refers to the process of collection of Bids from investors, which is based on the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- (1) Our Company,
- (2) BRLMs, in this case being, Motilal Oswal Investment Advisors Private Limited and Centrum Capital Limited,
- (3) Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The BRLMs shall appoint the Syndicate Members,
- (4) Registrar to this Issue, and
- (5) Escrow Collection Bank(s).
- (6) SCSBs.

This Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to QIBs, except allocation to Anchor Investors.

Our Company may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price in accordance with the SEBI (ICDR) Regulations. One-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Price. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million.

In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (including Mutual Funds), subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is greater than 5% of the Net QIB Portion Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs on a proportionate basis, subject to valid Bids at or above Issue Price.

Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

Our Company will comply with the SEBI (ICDR) Regulations for this Issue. In this regard, our Company has appointed Motilal Oswal Investment Advisors Private Limited and Centrum Capital Limited, as the BRLMs to manage the Issue and to procure subscriptions to the Issue.

**Illustration of Book Building and Price Discovery Process** (*Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Issue*)

The bidders can bid at any price within the price band. For instance, assume a price band of Rs. 60 to Rs. 72 per Equity Share, issue size of 5,400 Equity Shares and receipt of five bids from the bidders. A graphical representation of the consolidated demand and price would be made available at the website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)) during the bidding/issue period. The illustrative book as set forth below shows the demand for the equity shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs. 66 in the above example. Our Company, in consultation with the BRLMs, will finalise the Issue Price at or below such cut off price, i.e., at or below Rs. 66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for Allocation in the respective category.

**The process of Book Building, under the SEBI (ICDR) Regulations, is relatively new and is subject to change, from time to time. The ASBA process has been notified vide SEBI Circular dated August 28, 2008 and is a new process. Accordingly, investors are advised to make their own judgement about investment through this process of Book Building (including through ASBA process) prior to making a Bid. In accordance with the SEBI Regulations, QIBs Bidding in the Net QIB Portion are not allowed to withdraw their Bids after the Bid Closing Date. Further, allocation to QIBs will be on a proportionate basis. For further details, please refer to the chapters titled “Terms of the Issue” and “Issue Procedure” on pages 309 and 312, respectively, of the Draft Red Herring Prospectus.**

#### Steps to be taken for bidding:

1. Check eligibility for making a Bid. For further details, please refer to paragraph titled “Who can bid” in chapter titled “Issue Procedure” on page 313 of the Draft Red Herring Prospectus;

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be;
3. Ensure that you have mentioned your PAN in the Bid-Cum-Application Form (including ASBA form), unless exempted from mentioning the PAN. For details of exempted entities please refer paragraph titled “*Permanent Account Number*”, in chapter titled “*Issue Procedure*” on page 326 of the Draft Red Herring Prospectus. It is to be specifically noted that Bidders should not provide the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.
4. Ensure that the Bid cum Application Form or the ASBA Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
5. Ensure the correctness of your Demographic Details (as defined in paragraph titled “*Bidder’s Depository Account and Bank Details*” in the chapter titled “*Issue Procedure*” on page 323 of the Draft Red Herring Prospectus), given in the Bid cum Application Form and ASBA Bid cum Application Form, with the details recorded with your Depository Participant;
6. Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Form is not rejected; and
7. Bids by QIBs (including Anchor Investors) will only have to be submitted to members of the Syndicate.

For further details, please refer the chapter titled “*Issue Procedure*” on page 312 of the Draft Red Herring Prospectus.

## BID/ISSUE

### Bidding /Issue Period

BID/ISSUE OPENS ON*	[●]
BID/ISSUE CLOSES ON#	[●]

\* Our Company may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion, i.e. [●] Equity Shares, to Anchor Investors on a discretionary basis, in accordance with the SEBI (ICDR) Regulations. The Bid / Issue Period for the Anchor Investors, if any, shall be one day prior to the Bid / Issue Opening Date.

# Our Company may decide to close the Bidding Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI (ICDR) Regulations.

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. in case of Bids by QIBs and Non-Institutional Bidders; and (ii) 5.00 p.m. or such other time as permitted by the BSE and the NSE in case of Bids by Retail Individual Bidders. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as has been experienced in public offerings in India, may lead to some Bids not being uploaded due to lack of sufficient time to upload and such Bids that cannot be uploaded will not be considered for allocation under this Issue. If such Bids are not uploaded, our Company, the BRLMs and the Syndicate Members shall not be responsible. Bids will only be accepted on Working Days.

**It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.**

Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI (ICDR) Regulations. In case of revision in the Price Band, the floor of the Price Band can move up or down to the extent of 20% of the original Floor Price and the cap on the Price Band should not be more than 20% of the floor of the Price Band. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether or not the Bid Amount payable on such minimum application is in the range of Rs.5,000 to Rs.7,000.

**In case of revision in the Price Band, the Issue Period will be extended for three (3) additional working days after revision of the Price Band, subject to the Bid/Issue Period not exceeding ten (10) working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the other members of the Syndicate and to the SCSBs.**

#### **Withdrawal of the Issue**

In accordance with the SEBI (ICDR) Regulations, our Company, in consultation with the BRLMs reserves the right not to proceed with the Issue at any time after the Bid Opening Date, but before our Board meeting for Allotment in this Issue, without assigning any reason thereof. If our Company withdraws from the Issue, it shall issue a public notice within two (2) days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one (1) day from the date of receipt of such notification. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

In terms of the SEBI (ICDR) Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus.

#### **Underwriting**

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriter(s) for the Equity Shares proposed to be issued in the Issue. Pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter(s) are several and are subject to certain conditions to closing, as specified therein.

The Underwriter(s) have indicated their intention to underwrite the following number of Equity Shares:

<b>Name and Address of the Underwriter(s)</b>	<b>Indicative Number of Equity Shares to be Underwritten</b>	<b>Amount Underwritten (Rs. mn)</b>
[•]	[•]	[•]
[•]	[•]	[•]
<b>Total</b>	[•]	[•]

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)*

*The abovementioned amount is indicative and this would be finalised after determination of the Issue Price. The above Underwriting Agreement is dated [•] and has been approved by the Board of Directors.*

In the opinion of our Board of Directors (based on a certificate given by the Underwriter), the resources of the above mentioned Underwriter(s) are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriter(s) are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges.

Allocation among Underwriter may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure / subscribe to the Equity Shares to the extent of the defaulted amount as specified in the Underwriting Agreement. The BRLMs shall be responsible for bringing in amounts devolved in the event that the other members of the Syndicate do not fulfil their underwriting obligations.



## CAPITAL STRUCTURE

The share capital of our Company as on the date of the Draft Red Herring Prospectus is as set forth below:

Sr. No.	Particulars	Aggregate nominal value (Rs.)	Aggregate value at Issue Price (Rs.)
<b>A.</b>	<b>Authorised Share Capital</b>		
	50,000,000 Equity Shares	500,000,000	-
<b>B.</b>	<b>Issued, Subscribed and Paid-up Share Capital prior to the Issue</b>		
	17,727,376 fully paid-up Equity Shares	177,273,760	-
<b>C.</b>	<b>Issue in terms of the Draft Red Herring Prospectus</b>		
	<b>Issue of</b>		
	5,930,000 Equity Shares aggregating to Rs. [●] million	59,300,000	[●]
	<i>Of which:</i>		
1.	QIB Portion of upto 2,965,000 Equity Shares, being upto 50% of the Issue <sup>(a)</sup>		
	• Anchor Investor Portion is upto 889,500 Equity Shares <sup>(b)</sup>		
	• Net QIB Portion of [●] Equity Shares, of which		
	➤ Mutual Fund Portion is [●] Equity Shares <sup>(c)</sup>		
	➤ Other QIBs (including Mutual Funds) is [●] Equity Shares <sup>(c)</sup>		
2.	Non-Institutional Portion of not less than 889,500 Equity Shares, being not less than 15% of the Issue <sup>(d)</sup>		
3.	Retail Portion of not less than 2,075,500 Equity Shares, being not less than 35% of the Issue <sup>(d)</sup>		
<b>D.</b>	<b>Issued, Subscribed and Paid-up Share Capital post Issue</b>		
	23,657,376 Equity Shares fully paid- up	236,573,760	[●]
<b>E.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Prior to the Issue	86,158,510	
	After the Issue <sup>#</sup>		[●]

<sup>#</sup>The Securities Premium Account after the Issue shall be determined after Book Building Process.

- (a) This Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to QIBs, except allocation to Anchor Investors.
- (b) Our Company may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which one-third will be available for allocation to domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Price. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Anchor Investor Portion and allocated to other Anchor Investors on a proportionate basis, subject to valid Bids at or above Anchor Investor Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.
- (c) Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than 5% of the Net QIB Portion, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to other QIBs on a proportionate basis, subject to valid Bids at or above Issue Price.

- (d) Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, Non-Institutional Portion or Retail Portion would be allowed to be met with spill-over from other categories or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. For further details, please refer to chapter titled "Issue Procedure" on page 312 of the Draft Red Herring Prospectus.

The present Issue has been authorised by a resolution passed by the Board of Directors in their meeting held on September 12, 2009, and a resolution passed by the shareholders of our Company at the EGM held on October 24, 2009 pursuant to Section 81 (1A) of the Companies Act.

## Notes to the Capital Structure:

### 1. Details of increase in authorised share capital since incorporation:

The details of increase in authorised share capital of our Company since its incorporation are as follows:

Sr. No.	Date of shareholder's meeting	Particulars of modification in authorised share capital	Cumulative number of Equity Shares	Cumulative number of preference shares of Rs. 100 each
1.	Incorporation	50,000 Equity Shares	50,000	-
2.	EGM dated August 26, 1986	Increase by creation of 100,000 Equity Shares.	150,000	-
3.	AGM dated September 30, 1993	Increase by creation of 850,000 Equity Shares.	1,000,000	-
4.	EGM dated December 28, 1994	Increase by creation of 9,000,000 Equity Shares.	10,000,000	-
5.	AGM dated December 29, 1995	Reclassification by converting 3,000,000 Equity Shares each into 300,000 preference shares of Rs. 100/- each	7,000,000	300,000
6.	AGM dated September 23, 1996	Increase by creation of 5,000,000 Equity Shares.	12,000,000	300,000
7.	AGM dated September 26, 1997	Increase by creation of 3,000,000 Equity Shares and 200,000 Preference Shares of Rs. 100/- each	15,000,000	500,000
8.	EGM dated March 25, 1998	Increase by creation of 500,000 preference shares of Rs. 100/- each	15,000,000	1,000,000
9.	EGM dated May 31, 2001	Sub-division of 1,000,000 preference shares of Rs. 100/- to 1,00,00,000 preference shares of Rs. 10/- each	15,000,000	10,000,000 of Rs. 10/- each
10.	AGM dated July 19, 2008	Re-classification by converting 10,000,000 preference shares of Rs. 10/- each into 10,000,000 Equity Shares.	25,000,000	-
11.	EGM dated October 24, 2009	Increase by creation of 25,000,000 Equity Shares.	50,000,000	-

### Equity share capital history of our Company:

The details of allotment of Equity Share capital of our Company since its incorporation are as follows:

Date of allotment of fully paid-up Equity Shares	No. of Equity Shares allotted	Cumulative number of Equity Shares	Face Value (Rs.)	Securities Premium (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for allotment	Cumulative securities premium account (Rs.)	Cumulative paid-up capital (Rs.)
May 21, 1986	40	40	10	Nil	10	Cash	Initial Subscription	Nil	400

Date of allotment of fully paid-up Equity Shares	No. of Equity Shares allotted	Cumulative number of Equity Shares	Face Value (Rs.)	Securities Premium (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for allotment	Cumulative securities premium account (Rs.)	Cumulative paid-up capital (Rs.)
							(1)		
June 23, 1986	27,150	27,190	10	Nil	10	Cash	Further allotment (2)	Nil	271,900
November 13, 1986	54,810	82,000	10	Nil	10	Cash	Further allotment (3)	Nil	820,000
March 29, 1987	22,100	104,100	10	Nil	10	Cash	Further allotment (4)	Nil	1,041,000
March 27, 1989	800	104,900	10	Nil	10	Cash	Further allotment (5)	Nil	1,049,000
February 15, 1990	15,100	120,000	10	Nil	10	Cash	Further allotment (6)	Nil	1,200,000
March 25, 1994	183,880	303,880	10	Nil	10	Cash	Further allotment (7)	Nil	3,038,800
September 20, 1994	6,000	309,880	10	16	26	Cash	Further allotment (8)	96,000	3,098,800
	176,120	486,000	10	Nil	10	Cash		96,000	4,860,000
January 27, 1995	680,400	1,166,400	10	Nil	NA	Other cash than	Bonus Issue (7:5) (9)	96,000	11,664,000
February 22, 1995	1,458,000	2,624,400	10	Nil	10	Cash	Further allotment (10)	96,000	26,244,000
May 15, 1995	629,800	3,254,200	10	45	55	Cash	Further allotment (11)	32,580,640 <sup>(A)</sup>	32,542,000
November 29, 1995	39,900	3,294,100	10	45	55	Cash	Further allotment (12)	34,376,140	32,941,000
December 29, 1995	1,553,063	4,847,163	10	Nil	NA	Other cash than	Scheme of amalgamation with GOPL (15:4)* (13)	34,376,140	48,471,630
February 22, 1996	530,300	5,377,463	10	45	55	Cash	Further allotment (14)	58,239,640	53,774,630
March 03, 1997	2,688,725	8,066,188	10	Nil	NA	Other cash than	Bonus Issue (1:2) (15)	31,352,390 <sup>(B)</sup>	80,661,880
June 30, 2001	497,500	8,563,688	10	Nil	NA	Other cash than	Scheme of amalgamation with GOIL (1:2)* (16)	31,352,390	85,636,880
November 30, 2009	8,563,688	17,127,376	10	Nil	NA	Other cash than	Bonus Issue (1:1) (17)	26,158,510 <sup>(C)</sup>	171,273,760
March 31, 2010	6,00,000	17,727,376	10	100	110	Cash	Preferential allotment (18)	86,158,510	177,273,760

**Notes:**

- (1) Initial subscription of 10 Equity Shares each issued in favour of Mr. Gopalkrishnan Ramakrishnan, Mr. Shashikant Rayappa Shanbhag, Mr. Sudhir Dattaram Patil and Mr. Unnathan Shekhar.
- (2) Further allotment of 553 Equity Shares each in favour of Mr. Gopalkrishnan Ramakrishnan and Mr. Shashikant Rayappa Shanbhag; 25,490 Equity Shares in favour of Mr. Sudhir Dattaram Patil and 554 Equity Shares in favour of Mr. Unnathan Shekhar.
- (3) Further allotment of 15,437 Equity Shares in favour of Mr. Gopalkrishnan Ramakrishnan; 19,937 Equity Shares in favour of Mr. Shashikant Rayappa Shanbhag and 19,436 Equity Shares in favour of Mr. Unnathan Shekhar.
- (4) Further allotment of 9,500 Equity Shares each in favour of Mr. Gopalkrishnan Ramakrishnan (jointly with Ms. Jayashree Ramakrishnan); 5,000 Equity Shares in favour of Mr. Shashikant Rayappa Shanbhag (jointly with Ms. Vandana Shanbhag); 5,500

- Equity Shares in favour of Mr. Unnathan Shekhar (jointly with Ms. Lakshmy Shekhar); 600 Equity Shares in favour of Mr. Gurumoorthy Ramamoorthy (jointly with Mr. Srinivasan Ramamoorthy); 300 Equity Shares each in favour of Mr. Nirmal Koshti (jointly with Mrs. Neeta Koshti) and Mr. Sudhir Kulkarni (jointly with Mrs. Shruti Kulkarni); 200 Equity Shares each in favour of Mr. Kashinath Prabhakar Pandit (jointly with Mr. Prafull P. Pandit), Mr. S. Sankaran and Mr. Avinash Manohar Bhakay (jointly with Mrs. Jayashree Avinash Bhakay) and 100 Equity Shares each in favour of Mr. Subramaniam Sriram, Mr. Manohar Rajashekharan and Mr. Tarashankar Chandrika Mishra.
- (5) Further allotment of 400 Equity Shares each in favour of Mr. Deepak Ballal (jointly with Mrs. Anjana Ballal) and Mr. Gurumoorthy Ramamoorthy (jointly with Mrs. Jayalakshmi Gurumoorthy).
- (6) Further allotment of 3,800 Equity Shares in favour of Mr. Gopalkrishnan Ramakrishnan (jointly with Ms. Jayashree Ramakrishnan); 3,500 Equity Shares in favour of Mr. Sudhir Dattaram Patil (jointly with Ms. Sandhya Patil); 3,700 Equity Shares in favour of Mr. Shashikant Rayappa Shanbhag (jointly with Ms. Vandana Shanbhag) and 4,100 Equity Shares in favour of Mr. Unnathan Shekhar (jointly with Ms. Lakshmy Shekhar).
- (7) Further allotment of 44,850 Equity Shares in favour of Mr. Sudhir Dattaram Patil (jointly with Ms. Sandhya Patil); 44,580 Equity Shares each in favour of Mr. Gopalkrishnan Ramakrishnan (jointly with Ms. Jayashree Ramakrishnan); 44,550 Equity Shares each in favour of Mr. Unnathan Shekhar (jointly with Ms. Lakshmy Shekhar) and Mr. Shashikant Rayappa Shanbhag (jointly with Ms. Vandana Shanbhag); 2,950 Equity Shares in favour of Ms. Jayashree Ramakrishnan; 900 Equity Shares in favour of Mr. Nirmal Koshti (jointly with Mrs. Neeta Koshti); 600 Equity Shares each in favour of Mr. Kashinath Prabhakar Pandit (jointly with Mr. Prafull P. Pandit) and Mr. Ramesh Tawde (jointly with Mrs. Reshma Ramesh Tawde) and 300 Equity Shares in favour of Mr. Avinash Manohar Bhakay (jointly with Mrs. Jayashree Avinash Bhakay).
- (8) Further allotment of 44,925 Equity Shares issued in favour of Mr. Sudhir Dattaram Patil (jointly with Ms. Sandhya Patil) (out of which 600 Equity Shares were issued at a premium of Rs. 16 each); 45,425 Equity Shares issued in favour of Mr. Shashikant Rayappa Shanbhag (out of which 600 Equity Shares were issued at a premium of Rs. 16 each) (jointly with Ms. Vandana Shanbhag); 45,425 Equity Shares issued in favour of Mr. Unnathan Shekhar (out of which 600 Equity Shares were issued at a premium of Rs. 16 each) (jointly with Ms. Lakshmy Shekhar); 41,845 Equity Shares issued in favour of Ms. Jayashree Ramakrishnan (jointly with Mr. Gopalkrishnan Ramakrishnan); 300 Equity Shares issued in favour of Mr. Tarashankar Chandrika Mishra; 600 Equity Shares at a premium of Rs. 16 each issued in favour of Mr. Gopalkrishnan Ramakrishnan (jointly with Ms. Jayashree Ramakrishnan), Mr. Avinash Manohar Bhakay (jointly with Jayashree Avinash Bhakay), Mr. Adarsh Nayyar (jointly with Mrs. Manju Nayyar), Mr. Arjan G Kukreja (jointly with Ms. Sheela G. Kukreja), Mr. Bhuvanendra Pai (jointly with Mrs. Bhavana Pai), Mr. Kashinath Prabhakar Pandit (jointly with Mrs. Nanda Kashinath Pandit) and Mr. Sudhakar Shetty (jointly with Mrs. Kavita Sudhakar Shetty).
- (9) Bonus Issue of 680,400 Equity Shares in the ratio of 7 Equity Shares for every 5 Equity Shares held by the shareholders listed below:
- 167,545 Equity Shares in favour of Mr. Sudhir Dattaram Patil (jointly with Ms. Sandhya Patil); 84,056 Equity Shares in favour of Mr. Gopalkrishnan Ramakrishnan (jointly with Ms. Jayashree Ramakrishnan); 83,489 Equity Shares in favour of Mrs. Jayashree Ramakrishnan (jointly with Mr. Gopalkrishnan Ramakrishnan); 167,545 Equity Shares in favour of Mr. Shashikant Rayappa Shanbhag (jointly with Ms. Vandana Shanbhag), 167,545 Equity Shares in favour of Mr. Unnathan Shekhar (jointly with Ms. Lakshmy Shekhar); 1,540 Equity Shares in favour of Mr. Avinash Manohar Bhakay (jointly with Mrs. Jayashree Avinash Bhakay); 1,680 Equity Shares in favour of Mr. Nirmal M. Koshti (jointly with Mrs. Neeta Koshti); 1,120 Equity Shares in favour of Mr. Kashinath Prabhakar Pandit (jointly with Ms. Nanda Kashinath Pandit); 840 Equity Shares in favour of Mr. Kashinath Prabhakar Pandit (jointly with Mrs. Nanda Kashinath Pandit); 1,120 Equity Shares in favour of Ramesh Tawde (jointly with Mrs. Reshma Ramesh Tawde); 560 Equity Shares in favour of Mr. Tarashankar Chandrika Mishra; 840 Equity Shares in favour of Mr. Arjan G Kukreja; 840 Equity Shares in favour of Mr. Bhuvanendra Pai; 840 Equity Shares in favour of Mr. Adarsh Nayyar; 840 Equity Shares in favour of Mr. Sudhakar Shetty.
- (10) Further allotment of 334,025 Equity Shares in favour of Mr. Sudhir Dattaram Patil (jointly with Ms. Sandhya Patil); 180,120 Equity Shares each in favour of Mr. Gopalkrishnan Ramakrishnan (jointly with Ms. Jayashree Ramakrishnan); 334,025 Equity Shares in favour of Mr. Shashikant Rayappa Shanbhag (jointly with Ms. Vandana Shanbhag); 334,025 Equity Shares in favour of Mr. Unnathan Shekhar (jointly with Ms. Lakshmy Shekhar); 153,905 Equity Shares in favour of Ms. Jayashree Ramakrishnan; 100,000 Equity Shares each in favour of Galaxy Emulsifiers Private Limited; 3,300 Equity Shares in favour of Mr. Avinash Manohar Bhakay (jointly with Jayashree Avinash Bhakay); 3,600 Equity Shares in favour of Mr. Nirmal Koshti (jointly with Mrs. Neeta Koshti); 2,400 Equity Shares each in favour of Mr. Kashinath Prabhakar Pandit (jointly with Mr. Prafull P. Pandit) and Mr. Ramesh Tawde (jointly with Mrs. Reshma Ramesh Tawde); 1,800 Equity Shares each in favour of Mr. Kashinath Prabhakar Pandit (jointly with Mrs. Nanda Kashinath Pandit), Mr. Arjan G Kukreja (jointly with Ms. Sheela G. Kukreja), Mr. Bhuvanendra Pai (jointly with Mrs. Bhavana Pai), Mr. Adarsh Nayyar (jointly with Mrs. Manju Nayyar) and Mr. Sudhakar Shetty (jointly with Mrs. Kavita Sudhakar Shetty) and 1,200 Equity Shares each in favour of Mr. Tarashankar Chandrika Mishra.
- (11) Pursuant to resolution of the Board of Directors passed in their meeting on May 15, 1995 our Company made a further allotment of 629,800 Equity Shares at a premium of Rs. 45/- per share.
- (12) Further allotment of 39,900 Equity Shares at a premium of Rs. 45/- per share in favour of Mr. Padmanabh Balkrishna Shanbhag.

- (13) Allotment of 1,553,063 Equity Shares to the shareholders of GOPL, pursuant to the Scheme of Amalgamation with GOPL in the ratio of 15 Equity Shares of our Company for every 4 Equity Shares of GOPL held by the shareholders of GOPL, which is detailed as follows:

229,162 Equity Shares in favour of Mr. Sudhir Dattaram Patil (jointly with Ms. Sandhya Patil); 229,169 Equity Shares in favour of Mr. Gopalkrishnan Ramakrishnan (jointly with Ms. Jayashree Ramakrishnan); 229,169 Equity Shares in favour of Mr. Shashikant Rayappa Shanbhag (jointly with Ms. Vandana Shanbhag); 229,162 Equity Shares in favour of Mr. Unnathan Shekhar (jointly with Ms. Lakshmy Shekhar); 8,813 Equity Shares in favour of Mr. Avinash Manohar Bhakay (jointly with Mrs. Jayashree Avinash Bhakay); 6,563 Equity Shares in favour of Mr. Nirmal Koshti (jointly with Mrs. Neeta Koshti); 2,813 Equity Shares in favour of Mr. Kashinath Prabhakar Pandit (jointly with Mr. Prafful P. Pandit); 7,500 Equity Shares in favour of Mr. Ramesh Tawde (jointly with Mrs. Reshma Ramesh Tawde); 5,813 Equity Shares in favour of Mr. Arjan G Kukreja (jointly with Ms. Sheela G. Kukreja); 7,688 Equity Shares in favour of Bhuvanendra Pai (jointly with Mrs. Bhavana Pai); 10,313 Equity Shares in favour of Mr. Adarsh Nayyar (jointly with Mrs. Manju Nayyar); 2,813 Equity Shares in favour of Mr. Sudhakar Shetty (jointly with Mrs. Kavita Sudhakar Shetty); 10,500 Equity Shares in favour of C. D. Instrumentation Private Limited; 37,500 Equity Shares in favour of Mrs. Saradha Unnathan; 7,500 Equity Shares in favour of Mrs. Laxmibai Rayappa Shanbhag; 24,750 Equity Shares in favour of Mr. V. Unnathan; 38,460 Equity Shares in favour of Late Mr. C. R. Ramakrishna; 54,562 Equity Shares in favour of Mrs. Jayashree Ramakrishna; 7,500 Equity Shares in favour of Mrs. Noreen Prabhakar Amolik (jointly with Mr. Prabhakar Amolik); 7,500 Equity Shares in favour of Ms. Indrani Amal Chaudhari (jointly with Mr. Sajeeb Chaudhari); 37,500 Equity Shares in favour of Mr. Vilas Deshpande; 15,000 Equity Shares in favour of Mr. Wilfred D 'Silva'; 10,313 Equity Shares in favour of Mr. V. Ramani; 7,500 Equity Shares in favour of Mrs. Sillo Minocher Karkhanwala (jointly with Mr. Khurshed Minocher Karkhanwala); 9,375 Equity Shares in favour of Mr. Abhay Gajanan Kelkar; 9,375 Equity Shares in favour of Mrs. Sujata Abhay Kelkar; 7,500 Equity Shares in favour of Mr. T. Ashok Nair (jointly with Mrs. Subhadra Nair); 7,500 Equity Shares in favour of Ms. Surabhi Shirish Potnis (jointly with Mr. Shirish Potnis); 11,250 Equity Shares in favour of Mr. Bhagat Rajaram Patil; 30,750 Equity Shares in favour of Mr. Arjun Rajendra (jointly with Mrs. Padma Rajendra); 7,500 Equity Shares in favour of Mr. Vinay Shanbhag (jointly with Mrs. Vidya Shanbhag); 11,250 Equity Shares in favour of Mrs. Sunanda Deshpande (jointly with Mr. Vilas Deshpande); 7,500 Equity Shares in favour of Mr. Vaidyanathan Iyer (jointly with Ms. Vijayalakshmi Vaidyanathan); 7,500 Equity Shares in favour of Mr. Subramanyan Venkatachalam (jointly with Mrs. Prema Venkatachalam); 108,000 Equity Shares in favour of Mr. Hemant Kavthankar (jointly with Mrs. Kalpana Kavthankar); 108,000 Equity Shares in favour of Mrs. Kalpana Kavthankar (jointly with Mr. Kalpana Kavthankar).

- (14) Further allotment of 1,000 Equity Shares at a premium of Rs. 45/- per share in favour of Mr. Madan G. Kukreja; 132,300 Equity Shares at a premium of Rs. 45/- per share in favour of Mr. Gopalkrishnan Ramakrishnan; 132,300 Equity Shares at a premium of Rs. 45/- per share in favour of Mr. Shashikant Rayappa Shanbhag; 132,300 Equity Shares at a premium of Rs. 45/- per share in favour of Mr. Sudhir Dattaram Patil; 132,400 Equity Shares at a premium of Rs. 45/- per share in favour of Mr. Unnathan Shekhar.
- (15) Bonus Issue of 2,688,725 Equity Shares in the ratio of 1 Equity Share for every 2 Equity Shares held by the shareholders.
- (16) Allotment of 497,500 Equity Shares to the shareholders of GOIL, pursuant to the Scheme of Amalgamation with GOIL in the ratio of 1 Equity Share in our Company for every 2 Equity Shares of GOIL held by the shareholders of GOIL.
- (17) Bonus Issue of 8,563,688 Equity Shares in the ratio of 1 Equity Share for every 1 Equity Share to shareholders of our Company.
- (18) Preferential allotment of 600,000 Equity Shares at a premium of Rs. 100/- per share issued in favour of the following applicants:

239,850 Equity Shares in favour of Mr. K. Natarajan, Mr. Unnathan Shekhar and Mr. Ganesh Kamath (jointly), as the trustees of Galaxy Surfactants Limited - Employees Welfare Trust. Galaxy Surfactants Limited - Employees Welfare Trust was constituted pursuant to a Trust Deed dated January 07, 2010 entered between Galaxy Surfactants Limited, as the 'Settlor' and Mr. K. Natarajan, Mr. Unnathan Shekhar and Mr. Ganesh Kamath as the 'trustees'. The said trust was constituted for the benefit of the employees of our Company.

Balance 360,150 Equity Shares in favour of the following applicants:

10,000 Equity Shares in favour of Mr. Vijay Krishan Sood; 17,000 Equity Shares in favour of Mr. Adarsh Nayyar; 9,800 Equity Shares in favour of Mr. Dilip Mhatre; 8,600 Equity Shares in favour of Mr. Kamaljit Singh Sahota; 21,000 Equity Shares in favour of Mr. Natarajan K Krishnan; 13,600 Equity Shares in favour of Mr. Yogesh Kalra; 15,000 Equity Shares in favour of Mr. Ganesh Kamath; 5,000 Equity Shares in favour of Mr. Arjan G. Kukreja; 9,000 Equity Shares in favour of Mr. Milind Anant Patil; 8,000 Equity Shares in favour of Mr. Ramesh Baliram Mande; 21,000 Equity Shares in favour of Mr. Vaijanath Kulkarni; 2,500 Equity Shares in favour of Mr. B Chandrasekaran; 9,400 Equity Shares in favour of Mr. Deepak Shripathi Ballal; 17,000 Equity Shares in favour of Mr. Nirmal Koshti; 21,000 Equity Shares in favour of Mr. Subhas Sen; 3,000 Equity Shares in favour of Mr. Anil B Ganu; 10,000 Equity Shares in favour of Mr. Babu Vaidyanathan Iyer; 10,000 Equity Shares in favour of Mr. Bhagat R Patil; 3,000 Equity Shares in favour of Mr. Sunil S Bhagwat; 500 Equity Shares in favour of Mr. Mayur Patki; 3,000 Equity Shares in favour of Mr. Narinderjit Singh Saggi; 3,000 Equity Shares in favour of Mr. Kamal Begwani; 15,000 Equity Shares in favour of Mr. M G Parameswaran; 3,000 Equity Shares in favour of Mr. P M John; 50 Equity Shares in favour of Mr. R V Rao; 3,000 Equity Shares in favour of Mr. Rajeev Vijay Dalvi; 5,000 Equity Shares in favour of Mr. Rusi Governor; 3,000 Equity Shares in favour of Mr. Sanjeev Rajendra Pandit; 13,000 Equity Shares in favour of Mr. S Kulshekar; 3,000 Equity Shares in favour of Mr. S R Halbe; 15,000 Equity Shares in favour of Mr. Shekhar Ravindranath; 3,000 Equity Shares in favour of Mr. Seema Pendharkar; 5,000 Equity Shares in favour of Mr. Shirish Chintamani Potnis; 15,000 Equity Shares in favour of Mr. Subodh Satchitanand Nadkarni; 15,000 Equity Shares in favour of Mr. Venkatesh Kasturirangan; 5,000 Equity Shares in favour of Mr. V Swaminathan; 200 Equity Shares in favour



of Mr. K G T Venkateswaran; 2,500 Equity Shares in favour of Mr. Vijay Kamalakant Gadkari; 3,000 Equity Shares in favour of Mr. Vinod Nandlal Pandya and 31,000 Equity Shares in favour of Mr. Uday Krishna Kamat.

- (A) Pursuant to the Scheme of Amalgamation under Section 391 of the Companies Act with GOPL, Rs. 4,143,640 was added to our securities premium account on March 31, 1995.
- (B) Our Company capitalised the securities premium account to the extent of Rs. 26,887,250 towards issue of Bonus shares on March 03, 1997.
- (C) Our Company capitalised the securities premium account to the extent of Rs. 5,193,880 towards issue of Bonus shares on November 30, 2009

\* For further details on the schemes of amalgamation, please refer to paragraph titled "Schemes of Amalgamation" in chapter titled "History and Certain Corporate Matters" on page 140 of the Draft Red Herring Prospectus.

## 2. Preference Share Capital History of our Company

The details of Cumulative Redeemable Preference Shares ("CRPS") allotted and redeemed by our Company are as follows:

Date of allotment of fully paid-up CRPS	No. of CRPS allotted	Dividend (%)	Cumulative number of CRPS	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for allotment	Cumulative paid-up capital (Rs.)
August 19, 1996 <sup>(4)</sup>	45,000	18	45,000	100	100	Cash	Allotment	4,500,000
March 03, 1997 <sup>(4)</sup>	102,000	18	147,000	100	100	Cash	Further allotment	14,700,000
December 20, 1997 <sup>(1)</sup>	45,000	14.5	192,000	100	100	Cash	Further allotment	19,200,000
December 20, 1997 <sup>(4)</sup>	237,100	18	429,100	100	100	Cash	Further allotment	42,910,000
February 09, 1998 <sup>(2)</sup>	70,000	14.5	499,100	100	100	Cash	Further allotment	49,910,000
April 28, 1998 <sup>(3)</sup>	30,000	14.5	529,100	100	100	Cash	Further allotment	52,910,000
October 16, 1998 <sup>(4)</sup>	59,080	16.5	588,180	100	100	Cash	Further allotment	58,818,000
April 26, 1999 <sup>(4)</sup>	17,250	15	605,430	100	100	Cash	Further allotment	60,543,000
<b>Sub-division of nominal value of CRPS of our Company from Rs. 100 per preference share to Rs. 10 per preference share vide EGM dated May 31, 2001.</b>								
June 30, 2001 <sup>(5)</sup>	1,990,000	12	8,044,300	10	10	NA	Scheme of amalgamation with Galaxy Oleo-Chem (India) Limited*	80,443,000

### Notes:

- (1) Pursuant to resolution passed in the meeting of the Board of Directors held on June 19, 1999, 45,000 14.5% CRPS of Rs. 100 each were redeemed at par on June 19, 1999.
- (2) Pursuant to resolution passed in the meeting of the Board of Directors held on August 07, 1999, 70,000 14.5% CRPS of Rs. 100 each were redeemed at par on August 07, 1999.
- (3) Pursuant to resolution passed in the meeting of the committee of the Board of Directors held on November 02, 1999, 30,000 14.5% CRPS of Rs. 100 each were redeemed at par on November 02, 1999.
- (4) Pursuant to resolution passed in the meeting of the Board of Directors held on June 13, 2000, 147,000 18% CRPS of Rs. 100 each (inclusive of 45,000 18% CRPS of Rs. 100 each and 102,000 18% CRPS of Rs. 100 each); 237,100 18% CRPS of Rs. 100 each; 59,080 16.50 % CRPS of Rs. 100 each and 17,250 15% CRPS of Rs. 100 each at par were redeemed on June 13, 2000.

(5) Pursuant to resolution passed in the meeting of the Board of Directors held on June 25, 2004, 1,990,000 12% CRPS of Rs. 10 each were redeemed at par on June 29, 2004.

\* For further details on the schemes of amalgamation, please refer to paragraph titled “Schemes of Amalgamation” in chapter titled “History and Certain Corporate Matters” on page 140 of the Draft Red Herring Prospectus.

As on the date of the Draft Red Herring Prospectus, our Company does not have preference share capital.

3. Save and except as mentioned below, our Company has not issued any Equity Shares for consideration other than cash:

Date of Allotment of the Equity Shares	Name of the allottee	No. of Equity Shares	Face Value (Rs.)	Issue Price	Reasons for Allotment	Benefit accrued to our Company
January 27, 1995	Shareholders of our Company <sup>(1)</sup>	680,400	10		Bonus Issue	-
December 29, 1995	Shareholders of GOPL <sup>(2)</sup>	1,553,063	10	NA	Scheme of amalgamation with Galaxy Organics Private Limited*	-
March 03, 1997	Shareholders of our Company <sup>(3)</sup>	2,688,725	10		Bonus Issue	-
June 30, 2001	Shareholders of GOIL <sup>(4)</sup>	497,500	10	NA	Scheme of amalgamation with Galaxy Oleo-Chem (India) Limited*	-
November 30, 2009	Shareholders of our Company <sup>(5)</sup>	8,563,688	10		Bonus Issue	-

**Notes:**

(1) Bonus Issue of 680,400 Equity Shares in the ratio of 7 Equity Shares for every 5 Equity Shares held by the shareholders listed below:

167,545 Equity Shares in favour of Mr. Sudhir Dattaram Patil (jointly with Ms. Sandhya Patil); 84,056 Equity Shares in favour of Mr. Gopalkrishnan Ramakrishnan (jointly with Ms. Jayashree Ramakrishnan); 83,489 Equity Shares in favour of Mrs. Jayashree Ramakrishnan (jointly with Mr. Gopalkrishnan Ramakrishnan); 167,545 Equity Shares in favour of Mr. Shashikant Rayappa Shanbhag (jointly with Ms. Vandana Shanbhag); 167,545 Equity Shares in favour of Mr. Unnathan Shekhar (jointly with Ms. Lakshmy Shekhar); 1,540 Equity Shares in favour of Mr. Avinash Manohar Bhakay (jointly with Mrs. Jayashree Avinash Bhakay); 1,680 Equity Shares in favour of Mr. Nirmal M. Koshti (jointly with Mrs. Neeta Koshti); 1,120 Equity Shares in favour of Mr. Kashinath Prabhakar Pandit (jointly with Ms. Nanda Kashinath Pandit); 840 Equity Shares in favour of Mr. Kashinath Prabhakar Pandit (jointly with Mrs. Nanda Kashinath Pandit); 1,120 Equity Shares in favour of Ramesh Tawde (jointly with Mrs. Reshma Ramesh Tawde); 560 Equity Shares in favour of Mr. Tarashankar Chandrika Mishra; 840 Equity Shares in favour of Mr. Arjan G Kukreja; 840 Equity Shares in favour of Mr. Bhuvanendra Pai; 840 Equity Shares in favour of Mr. Adarsh Nayyar; 840 Equity Shares in favour of Mr. Sudhakar Shetty.

(2) Allotment of 1,553,063 Equity Shares to the shareholders of GOPL, pursuant to the Scheme of Amalgamation with GOPL in the ratio of 15 Equity Shares of our Company for every 4 Equity Shares of GOPL held by the shareholders of GOPL, which is detailed as follows:

229,162 Equity Shares in favour of Mr. Sudhir Dattaram Patil (jointly with Ms. Sandhya Patil); 229,169 Equity Shares in favour of Mr. Gopalkrishnan Ramakrishnan (jointly with Ms. Jayashree Ramakrishnan); 229,169 Equity Shares in favour of Mr. Shashikant Rayappa Shanbhag (jointly with Ms. Vandana Shanbhag); 229,162 Equity Shares in favour of Mr. Unnathan Shekhar (jointly with Ms. Lakshmy Shekhar); 8,813 Equity Shares in favour of Mr. Avinash Manohar Bhakay (jointly with Mrs. Jayashree Avinash Bhakay); 6,563 Equity Shares in favour of Mr. Nirmal Koshti (jointly with Mrs. Neeta Koshti); 2,813 Equity Shares in favour of Mr. Kashinath Prabhakar Pandit (jointly with Mr. Prafful P. Pandit); 7,500 Equity Shares in favour of Mr. Ramesh Tawde (jointly with Mrs. Reshma Ramesh Tawde); 5,813 Equity Shares in favour of Mr. Arjan G Kukreja (jointly with Ms. Sheela G. Kukreja); 7,688 Equity Shares in favour of Bhuvanendra Pai (jointly with Mrs. Bhavana Pai); 10,313 Equity Shares in favour of Mr. Adarsh Nayyar (jointly with Mrs. Manju Nayyar); 2,813 Equity Shares in favour of Mr. Sudhakar Shetty (jointly with Mrs. Kavita Sudhakar Shetty); 10,500 Equity Shares in favour of C. D. Instrumentation Private Limited; 37,500 Equity Shares in favour of Mrs. Saradha Unnathan; 7,500 Equity Shares in favour of Mrs. Laxmibai Rayappa Shanbhag; 24,750 Equity Shares in favour of Mr. V. Unnathan; 38,460 Equity Shares in favour of Late Mr. C. R. Ramakrishna; 54,562 Equity Shares in favour of Mrs. Jayashree Ramakrishna; 7,500 Equity Shares in favour of Mrs. Noreen Prabhakar Amolik (jointly with Mr. Prabhakar Amolik); 7,500 Equity Shares in favour of Ms. Indrani Amal Chaudhari (jointly with Mr. Sajeeb Chaudhari); 37,500 Equity Shares in favour of Mr. Vilas Deshpande; 15,000 Equity Shares in favour of Mr. Wilfred D 'Silva; 10,313 Equity Shares in favour of Mr. V. Ramani; 7,500 Equity Shares in favour of Mrs. Sillo Minocher Karkhanwala (jointly with Mr. Khurshed Minocher Karkhanwala); 9,375 Equity Shares in favour of Mr. Abhay Gajanan Kelkar; 9,375 Equity Shares in favour of Mrs. Sujata Abhay Kelkar; 7,500 Equity Shares in favour of Mr. T. Ashok Nair (jointly with Mrs. Subhadra Nair); 7,500 Equity Shares in favour of Ms. Surabhi Shirish Potnis (jointly with Mr. Shirish Potnis); 11,250 Equity



Shares in favour of Mr. Bhagat Rajaram Patil; 30,750 Equity Shares in favour of Mr. Arjun Rajendra (jointly with Mrs. Padma Rajendra); 7,500 Equity Shares in favour of Mr. Vinay Shanbhag (jointly with Mrs. Vidya Shanbhag); 11,250 Equity Shares in favour of Mrs. Sunanda Deshpande (jointly with Mr. Vilas Deshpande); 7,500 Equity Shares in favour of Mr. Vaidyanathan Iyer (jointly with Ms. Vijayalakshmi Vaidyanathan); 7,500 Equity Shares in favour of Mr. Subramanyan Venkatachalam (jointly with Mrs. Prema Venkatachalam); 108,000 Equity Shares in favour of Mr. Hemant Kavthankar (jointly with Mrs. Kalpana Kavthankar); 108,000 Equity Shares in favour of Mrs. Kalpana Kavthankar (jointly with Mr. Kalpana Kavthankar)

- (3) Bonus Issue of 2,688,725 Equity Shares in the ratio of 1 Equity Share for every 2 Equity Shares held by the shareholders.
- (4) Allotment of 497,500 Equity Shares to the shareholders of GOIL, pursuant to the Scheme of Amalgamation with GOIL in the ratio of 1 Equity Share in our Company for every 2 Equity Shares of GOIL held by the shareholders of GOIL.
- (5) Bonus Issue of 8,563,688 Equity Shares in the ratio of 1 Equity Share for every 1 Equity Share to shareholders of our Company.

\*For further details on the schemes of amalgamation, please refer to paragraphs titled "Schemes of Amalgamation" in chapter titled "History and Certain Corporate Matters" beginning on page 140 of the Draft Red Herring Prospectus.

#### 4. Promoters Capital Built-up, Contribution and Lock-In:

The details of share capital built-up of our Promoters are as follows:

Date on which Equity Shares were allotted / transferred / sub-divided and made fully paid - up	No. of Equity Shares	Face value (in Rs.)	Issue/ transfer price (in Rs.)	Nature of consideration	% of Pre-Issue paid-up capital	% of Post-Issue paid-up capital	Mode of acquisition
<b>MR. UNNATHAN SHEKHAR</b>							
May 21, 1986	10	10	10	Cash	0.0001	0.0000	Initial Subscription to the MoA
June 23, 1986	554	10	10	Cash	0.0031	0.0023	Further allotment
November 13, 1986	19,436	10	10	Cash	0.1096	0.0822	Further allotment
March 29, 1987	5,500	10	10	Cash	0.0310	0.0232	Further allotment
February 15, 1990	4,100	10	10	Cash	0.0231	0.0173	Further allotment
August 18, 1992	100	10	10	Cash	0.0006	0.0004	Transfer from Mr. Manoharan Rajashekaran
March 25, 1994	44,550	10	10	Cash	0.2513	0.1883	Further allotment
September 20, 1994	44,825	10	10	Cash	0.2529	0.1895	Further allotment
September 20, 1994	600	10	26	Cash	0.0034	0.0025	Further allotment
January 27, 1995	167,545	10	NA	Other than cash	0.9451	0.7082	Bonus Issue
February 22, 1995	334,025	10	10	Cash	1.8842	1.4119	Further allotment
May 15, 1995	500	10	55	Cash	0.0028	0.0021	Further allotment
October 30, 1995	800	10	19.03	Cash	0.0045	0.0034	Transfer from Galaxy Emulsifiers Private Limited
December 29, 1995	229,162	10	NA	Other than cash	1.2927	0.9687	Scheme of amalgamation with GOPL
February 22, 1996	132,400	10	55	Cash	0.7469	0.5597	Further allotment
March 03, 1997	300	10	55	Cash	0.0017	0.0013	Transfer from Galaxy Emulsifiers Private Limited
March 03, 1997	492,203	10	NA	Other than cash	2.7765	492,203	Bonus Issue
August 25, 1997	750	10	NA	-	0.0042	0.0032	Transmission from Ms. Saradha Unnathan
October 01, 1997	(488,800)	10	10	Cash	(2.7573)	(2.0662)	Held in beneficial interest of M/s. Galaxy Chemicals
December 01, 1998	(25,000)	10	10	Cash	(0.1410)	(0.1057)	Held in beneficial interest of M/s. Galaxy Chemicals
June 30, 2001	64,800	10	NA	Other than cash	0.3655	0.2739	Scheme of amalgamation with GOIL

Date on which Equity Shares were allotted / transferred / sub-divided and made fully paid - up	No. of Equity Shares	Face value (in Rs.)	Issue/ transfer price (in Rs.)	Nature of consideration	% of Pre-Issue paid-up capital	% of Post-Issue paid-up capital	Mode of acquisition
November 30, 2009	1,028,360	10	NA	Other than cash	5.8010	4.3469	Bonus Issue
<b>TOTAL [A]</b>	<b>2,056,720</b>				<b>11.6019</b>	<b>8.6936</b>	
<b>MR. GOPALKRISHNAN RAMAKRISHNAN</b>							
May 21, 1986	10	10	100	Cash	0.0001	0.0000	Further allotment
June 23, 1986	553	10	10	Cash	0.0031	0.0023	Further allotment
November 13, 1986	15,437	10	10	Cash	0.0871	0.0653	Further allotment
March 29, 1987	9,500	10	10	Cash	0.0536	0.0402	Further allotment
September 05, 1989	400	10	10	Cash	0.0023	0.0017	Transfer from Mr. Deepak Ballal
February 15, 1990	3,800	10	10	Cash	0.0214	0.0161	Further allotment
December 07, 1992	(14,840)	10	10	Cash	(0.0837)	(0.0627)	Transposition of joint-holding
March 25, 1994	44,580	10	10	Cash	0.2515	0.1884	Further allotment
September 20, 1994	600	10	26	Cash	0.0034	0.0025	Further allotment
January 27, 1995	84,056	10	NA	Other than cash	0.4742	0.3553	Bonus Issue
February 22, 1995	180,120	10	10	Cash	1.0161	0.7614	Further allotment
May 15, 1995	500	10	55	Cash	0.0028	0.0021	Further allotment
October 30, 1995	800	10	19.03	Cash	0.0045	0.0034	Transfer from Galaxy Emulsifiers Private Limited
December 29, 1995	229,169	10	NA	Other than cash	1.2927	0.9687	Scheme of amalgamation GOPL
February 22, 1996	132,300	10	55	Cash	0.7463	0.5592	Further allotment
June 18, 1996	200	10	55	Cash	0.0011	0.0008	Transfer From Mr. Ulhas Janardhan Patil
March 03, 1997	300	10	55	Cash	0.0017	0.0013	Transfer from Galaxy Emulsifiers Private Limited
March 03, 1997	343,742	10	NA	Other than cash	1.9390	1.4530	Bonus Issue
October 01, 1997	(488,800)	10	10	Cash	(2.7573)	(2.0662)	Held in beneficial interest of M/s. Galaxy Chemicals
December 01, 1998	(25,000)	10	10	Cash	(0.1410)	(0.1057)	Held in beneficial interest of M/s. Galaxy Chemicals
September 07, 1999	1350	10	55	Cash	0.0076	0.0057	Transfer from Ms. Janaki Seshan
September 07, 1999	1650	10	55	Cash	0.0093	0.0070	Transfer from Mr. K.N. Seshan
June 30, 2001	64,600	10	NA	Other than cash	0.3644	0.2731	Scheme of amalgamation of GOIL
November 30, 2009	585,027	10	NA	Other than cash	3.3001	2.4729	Bonus Issue
June 11, 2010	(5,000)	10	110	Cash	(0.0282)	(0.0211)	Transferred to Mr. Venkatesh Kasturirangan
<b>TOTAL [B]</b>	<b>1,165,054</b>				<b>6.5721</b>	<b>4.9247</b>	
<b>MR. SHASHIKANT RAYAPPA SHANBHAG</b>							
May 21, 1986	10	10	10	Cash	0.0001	0.0000	Further allotment
June 23, 1986	553	10	10	Cash	0.0031	0.0023	Further allotment
November 13, 1986	19,937	10	10	Cash	0.1125	0.0843	Further allotment
March 29, 1987	5,000	10	10	Cash	0.0282	0.0211	Further allotment
December 08, 1989	400	10	10	Cash	0.0023	0.0017	Transfer from Mr. Gurumoorthy Ramakrishnan

Date on which Equity Shares were allotted / transferred / sub-divided and made fully paid - up	No. of Equity Shares	Face value (in Rs.)	Issue/ transfer price (in Rs.)	Nature of consideration	% of Pre-Issue paid-up capital	% of Post-Issue paid-up capital	Mode of acquisition
February 15, 1990	3,700	10	10	Cash	0.0209	0.0156	Further allotment
August 18, 1992	100	10	10	Cash	0.0006	0.0004	Transfer from Mr. Subramaniam Sriram
March 25, 1994	44,550	10	10	Cash	0.2513	0.1883	Further allotment
September 20, 1994	44,825	10	10	Cash	0.2529	0.1895	Further allotment
September 20, 1994	600	10	26	Cash	0.0034	0.0025	Further allotment
January 27, 1995	167,545	10	NA	Other than cash	0.9451	0.7082	Bonus Issue
February 22, 1995	334,025	10	10	Cash	1.8842	1.4119	Further allotment
May 15, 1995	500	10	55	Cash	0.0028	0.0021	Further allotment
October 30, 1995	800	10	19.03	Cash	0.0045	0.0034	Transfer from Galaxy Emulsifiers Private Limited
December 29, 1995	229,169	10	NA	Other than cash	1.2927	0.9687	Scheme of amalgamation GOPL
February 22, 1996	132,300	10	55	Cash	0.7463	0.5592	Further allotment
March 03, 1997	300	10	55	Cash	0.0017	0.0013	Transfer from Galaxy Emulsifiers Private Limited
March 03, 1997	(16,000)	10	10	Cash	(0.0903)	(0.0676)	Transferred to Ms. Laxmibai Shanbhag
March 03, 1997	484,157	10	NA	Other than cash	2.7311	2.0466	Bonus Issue
October 01, 1997	(488,800)	10	10	Cash	(2.7573)	(2.0662)	Held in beneficial interest of M/s. Galaxy Chemicals
December 01, 1998	(25,000)	10	10	Cash	(0.1410)	(0.1057)	Held in beneficial interest of M/s. Galaxy Chemicals
June 30, 2001	64,600	10	NA	Other than cash	0.3644	0.2731	Scheme of amalgamation GOIL
April 5, 2007	13,750	10	NA	-	0.0776	0.0581	Transmission from Ms. Laxmibai Shanbhag
November 30, 2009	1,017,021	10	NA	Other than cash	5.7370	4.2990	Bonus Issue
June 11, 2010	(5,000)	10	110	Cash	(0.0282)	(0.0211)	Transferred to Mr. Venkatesh Kasturirangan
<b>TOTAL [C]</b>	<b>2,029,042</b>				<b>11.4460</b>	<b>8.5767</b>	
<b>MR. SUDHIR DATTARAM PATIL</b>							
May 21, 1986	10	10	10	Cash	0.0001	0.0000	Further allotment
June 23, 1986	25,490	10	10	Cash	0.1438	0.1077	Further allotment
December 08, 1989	600	10	10	Cash	0.0034	0.0025	Transfer from Mr. Gurumoorthy Ramamoorthy
February 15, 1990	3,500	10	10	Cash	0.0197	0.0148	Further allotment
September 07, 1990	300	10	10	Cash	0.0017	0.0013	Transfer from Mr. Satish Chavan
March 25, 1994	44,850	10	10	Cash	0.2530	0.1896	Further allotment
September 20, 1994	600	10	26	Cash	0.0034	0.0025	Further allotment
September 20, 1994	44,325	10	10	Cash	0.2500	0.1874	Further allotment
January 27, 1995	167,545	10	NA	Other than cash	0.9451	0.7082	Bonus Issue
February 22, 1995	334,025	10	10	Cash	1.8842	1.4119	Further allotment
October 30, 1995	800	10	19.03	Cash	0.0045	0.0034	Transfer from Galaxy Emulsifiers Private Limited
December 29, 1995	229,162	10	10	Other than cash	1.2927	0.9687	Scheme of amalgamation

Date on which Equity Shares were allotted / transferred / sub-divided and made fully paid - up	No. of Equity Shares	Face value (in Rs.)	Issue/ transfer price (in Rs.)	Nature of consideration	% of Pre-Issue paid-up capital	% of Post-Issue paid-up capital	Mode of acquisition
							GOPL
February 22, 1996	132,300	10	55	Cash	0.7463	0.5592	Further allotment
March 03, 1997	300	10	55	Cash	0.0017	0.0013	Transfer from Galaxy Emulsifiers Private Limited
March 03, 1997	491,903	10	NA	Other than cash	2.7748	2.0793	Bonus Issue
October 01, 1997	(488,800)	10	10	Cash	(2.7573)	(2.0662)	Held in beneficial interest of M/s. Galaxy Chemicals
December 01, 1998	(25,000)	10	10	Cash	(0.1410)	(0.1057)	Held in beneficial interest of M/s. Galaxy Chemicals
June 30, 2001	64,600	10	NA	Other than cash	0.3644	0.2731	Scheme of amalgamation GOIL
November 30, 2009	1,026,510	10	NA	Other than cash	5.7905	4.3391	Bonus Issue
<b>TOTAL [D]</b>	<b>2,053,020</b>				<b>11.5810</b>	<b>8.6781</b>	
<b>TOTAL [A+B+C+D]</b>	<b>7,303,836</b>				<b>41.2010</b>	<b>30.8731</b>	

#### Promoters' contribution and lock-in details:

As per clause (a) sub-regulation (1) Regulation 32 of the SEBI (ICDR) Regulations, and in terms of the aforesaid table, the below mentioned Equity Shares, held by the Promoters, as per sub-regulation (a) of Regulation 36 of SEBI (ICDR) Regulations, shall be locked in for a period of three (3) years from the date of Allotment:

Date on which Equity Shares were allotted / transferred / sub-divided and made fully paid - up	No. of Equity Shares	Face value (in Rs.)	Issue/ transfer price (in Rs.)	Nature of consideration	% of Post-Issue paid-up capital	Mode of acquisition	Lock-in period
<b>MR. UNNATHAN SHEKHAR</b>							
March 03, 1997	95,231	10	NA	Other than cash	0.4025	Bonus Issue	3 years
August 25, 1997	750	10	NA	-	0.0032	Transmission from Ms. Saradha Unnathan	3 years
June 30, 2001	64,800	10	NA	Other than cash	0.2739	Scheme of amalgamation with GOIL	3 years
November 30, 2009	1,028,360	10	NA	Other than cash	4.3469	Bonus Issue	3 years
<b>TOTAL [A]</b>	<b>1,189,141</b>				<b>5.026</b>		
<b>MR. GOPALKRISHNAN RAMAKRISHNAN</b>							
May 21, 1986	10	10	100	Cash	0.0000	Further allotment	3 years
June 23, 1986	553	10	10	Cash	0.0023	Further allotment	3 years
November 13, 1986	597	10	10	Cash	0.0025	Further allotment	3 years
March 29, 1987	9,500	10	10	Cash	0.0402	Further allotment	3 years
February 15, 1990	3,800	10	10	Cash	0.0161	Further allotment	3 years
March 25, 1994	19,580	10	10	Cash	0.0828	Further allotment	3 years
January 27, 1995	84,056	10	NA	Other than cash	0.3553	Bonus Issue	3 years
February 22, 1995	52,420	10	10	Cash	0.2215	Further allotment	3 years
October 30, 1995	800	10	19.03	Cash	0.0034	Transfer from Galaxy Emulsifiers Private Limited	3 years
December 29, 1995	229,169	10	NA	Other than cash	0.9687	Scheme of amalgamation GOPL	3 years

Date on which Equity Shares were allotted / transferred / sub-divided and made fully paid - up	No. of Equity Shares	Face value (in Rs.)	Issue/ transfer price (in Rs.)	Nature of consideration	% of Post-Issue paid-up capital	Mode of acquisition	Lock-in period
March 03, 1997	114,942	10	NA	Other than cash	0.4859	Bonus Issue	3 years
June 30, 2001	64,600	10	NA	Other than cash	0.2731	Scheme of amalgamation of GOIL	3 years
November 30, 2009	585,027	10	NA	Other than cash	2.4729	Bonus Issue	3 years
<b>TOTAL [B]</b>	<b>1,165,054</b>				<b>4.9247</b>		
<b>MR. SHASHIKANT RAYAPPA SHANBHAG</b>							
March 03, 1997	93,770	10	NA	Other than cash	0.3964	Bonus Issue	3 years
June 30, 2001	64,600	10	NA	Other than cash	0.2731	Scheme of amalgamation GOIL	3 years
April 5, 2007	13,750	10	NA	-	0.0581	Transmission from Ms. Laxmibai Shanbhag	3 years
November 30, 2009	1,017,021	10	NA	Other than cash	4.2990	Bonus Issue	3 years
<b>TOTAL [C]</b>	<b>1,189,141</b>				<b>5.026</b>		
<b>MR. SUDHIR DATTARAM PATIL</b>							
March 03, 1997	98,031	10	NA	Other than cash	0.4144	Bonus Issue	3 years
June 30, 2001	64,600	10	NA	Other than cash	0.2731	Scheme of amalgamation GOIL	3 years
November 30, 2009	1,026,510	10	NA	Other than cash	4.3391	Bonus Issue	3 years
<b>TOTAL [D]</b>	<b>1,189,141</b>				<b>5.026</b>		
<b>TOTAL [A+B+C+D]</b>	<b>4,732,477</b>				<b>20.003</b>		

**Note:** The lock-in period shall commence from the date of Allotment of Equity Shares in the Issue.

The minimum promoter's contribution has been brought to the extent of not less than the specified minimum lot and from all our Promoters. Our Promoters *vide* their individual undertakings dated August 19, 2010, have agreed to lock in, Equity Shares aggregating to 4,732,477 for a period of three (3) years from the date of Allotment pursuant to this Issue. All the Equity Shares which have been locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI (ICDR) Regulations.

Our Promoters have pursuant to an undertaking dated August 13, 2010 agreed not to sell (except inter-se transfer as specified in Regulation 40 of SEBI (ICDR) Regulations), pledge (except as permitted by SEBI (ICDR) Regulations), the equity shares forming part of promoter's contribution from the date of filing the Draft Red Herring Prospectus till the commencement of lock-in period.

We confirm that the minimum Promoters' contribution of 20% of the post-Issue Capital, which is subject to lock-in for three (3) years, does not consist of:

- Equity Shares acquired three (3) years before the filing of the Draft Red Herring Prospectus with SEBI for consideration other than cash and revaluation of assets or capitalisation of intangible assets, involved in such transactions or resulting from a bonus issue by utilization of revaluation reserves or unrealised profits of our Company or from bonus issue against Equity Shares which are ineligible for minimum Promoters' contribution.
- Securities acquired by our Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to the public in the Issue.
- Equity Shares issued to our Promoters on conversion of partnership firms into limited company.
- Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in;
- Pledged Equity Shares held by our Promoters.

### **Pledge of locked-in Equity Shares:**

In terms of Regulation 39 of the SEBI (ICDR) Regulations, our Promoters may pledge the locked-in-Equity Shares only with banks or financial institutions as collateral security for loans granted by such banks / financial institutions, provided that:

- (a) If the specified securities are locked-in in terms of sub-regulation (a) Regulation 36 of the SEBI (ICDR) Regulations, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the terms of sanction of the loan;
- (b) If the specified securities are locked-in in terms of sub-regulation (b) Regulation 36 of the SEBI (ICDR) Regulations and the pledge of specified securities is one of the terms of sanction of the loan.

However, as on date of the Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters have been pledged to any person, including banks and financial institutions.

### **Inter-se transfer of locked-in Equity Shares:**

In terms of Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by shareholders other than Promoters, which are locked-in for a period of one (1) year as per Regulation 37 of the SEBI (ICDR) Regulations, may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

The Equity Shares to be held by the Promoters within the lock-in period shall not be sold / hypothecated / transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in as per the Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst the Promoters / Promoter Group or to new promoter(s) or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

We confirm that specific written consent has been obtained from our Promoters, whose Equity Shares form part of Promoters' contribution, to lock-in their Equity Shares for a period of three years to ensure minimum Promoter's contribution to the extent of 20% of the post-Issue paid-up capital of our Company.

### **Equity Shares Locked-in for one (1) year:**

Other than the Equity Shares locked-in as Promoter's contribution for a period of three years as stated in the table above, the entire pre-Issue capital of our Company as per Regulation 37 of the SEBI (ICDR) Regulations shall be locked in for a period of one (1) year from the date of Allotment of Equity Shares in the Issue.

The share certificate for Equity Share in physical form, which is subject to lock-in, shall carry the inscription 'non-transferable' and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the Stock Exchanges prior to listing of the Equity Shares.

5. The average cost of acquisition per Equity Share allotted to our Promoters is as follows:

Sr. No.	Name of Promoter	Average cost of acquisition (Rs.)
1.	Mr. Unnathan Shekhar	2.83
2.	Mr. Gopalkrishnan Ramakrishnan	3.06
3.	Mr. Shashikant Rayappa Shanbhag	2.75
4.	Mr. Sudhir Dattaram Patil	2.79

*Note: The average cost of acquisition of Equity Shares by our Promoters has been computed by taking the weighted average cost.*

6. Our Promoters and Promoter Group will not participate in this Issue and our Company / Promoters / Promoter Group have not provided any incentives / discount, etc for investors to participate in the Issue.
7. Save and except as mentioned below, our Promoters, Promoter Group and Directors and their immediate relatives have not purchased, sold, or financed the purchase or sale any securities of our Company in past six (6) months preceding the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the person / entity	Promoter / Director / Promoter Group / Director of Promoter Group	Number of Equity Shares	Transfer / Allotment	Date of Transfer / Allotment
1.	Mr. Uday Krishna Kamat	Director	31,000	Allotment	March 31, 2010
2.	Mr. Venkatesh Kasturirangan	Director	15,000	Allotment	March 31, 2010
3.	Mr. Subodh Satchitanand Nadkarni	Director	15,000	Allotment	March 31, 2010
4.	Mr. Melarkode Ganesan Parameswaran	Director	15,000	Allotment	March 31, 2010
5.	Mr. Shekhar Ravindranath	Director	15,000	Allotment	March 31, 2010
6.	Mr. Unnathan Shekhar, Mr. Gopalakrishnan Ramakrishnan, Mr. Shashikant Rayappa Shanbhag and Mr. Sudhir Dattaram Patil [as the partners of M/s. Galaxy Chemicals]	Promoter Group	100	Transfer from Ms. Tanvi Mor	April 16, 2010
7.	Mr. Gopalkrishnan Ramakrishnan	Director	5000	Transferred to Mr. Venkatesh Kasturirangan	June 11, 2010
8.	Mr. Shashikant Rayappa Shanbhag	Director	5000	Transferred to Mr. Venkatesh Kasturirangan	June 11, 2010
9.	Mr. Venkatesh Kasturirangan	Director	10,000	Transfer of 5000 Equity Shares from Mr. Gopalkrishnan Ramakrishnan and 5000 Equity Shares from Mr. Shashikant Rayappa Shanbhag	June 11, 2010

8. Save and except as mentioned below, our Directors do not hold any Equity Shares in our Company as on the date of the Draft Red Herring Prospectus:

Name of the Directors	Number of Equity Shares	% of Pre - Issue Paid-up Capital
Mr. Unnathan Shekhar	2,056,720	11.602
Mr. Sudhir Dattaram Patil	2,053,020	11.581
Mr. Shashikant Rayappa Shanbhag	2,029,042	11.445
Mr. Gopalkrishnan Ramakrishnan	1,165,054	6.572
Mr. Uday Krishna Kamat	51,000	0.287
Mr. Venkatesh Kasturirangan	25,000	0.141
Mr. Shekhar Ravindranath	15,000	0.085
Mr. Subodh Satchitanand Nadkarni	15,000	0.085
Mr. Melarkode Ganesan Parameswaran	15,000	0.085
<b>Total</b>	<b>7,424,836</b>	<b>41.883</b>

9. Save and except as below, our Key Managerial Personnel do not hold any Equity Shares in our Company as on the date of the Draft Red Herring Prospectus:

Name of the Key Managerial Personnel	Number of Equity Shares	% of Pre - Issue Paid-up Capital
Mr. K. Natarajan	24,800	0.14
Mr. Ganesh Kamath	15,000	0.08
Mr. Vaijanath Kulkarni	21,000	0.12
Dr. Nirmal Koshti	66,428	0.37
Mr. Subhas Sen*	21,000	0.12
<b>Total</b>	<b>1,48,228</b>	<b>0.83</b>



\* Mr. Subhas Sen is a permanent employee of TRI-K.

#### 10. Shareholding pattern of our Company:

(a) Shareholding pattern of our Company as on the date of the Draft Red Herring Prospectus:

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % (IX) = (VIII/IV) *100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>(A) Shareholding of Promoter and Promoter Group</b>								
<b>1. Indian</b>								
(a)	Individuals/ Hindu Undivided Family	25	13,052,604	181,950	73.63	73.63	0.00	0.00
(b)	Central Government / State Government (s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	1	271,500	-	1.53	1.53	0.00	0.00
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-
(e)	Any other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>26</b>	<b>13,324,104</b>	<b>181,950</b>	<b>75.16</b>	<b>75.16</b>	<b>0.00</b>	<b>0.00</b>
<b>2. Foreign</b>								
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>26</b>	<b>13,324,104</b>	<b>181,950</b>	<b>75.16</b>	<b>75.16</b>	<b>0.00</b>	<b>0.00</b>
<b>(B) Public shareholding</b>								
<b>1. Institutions</b>								
(a)	Mutual Funds / UTI	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-
(c)	Central Government / State Government (s)	-	-	-	-	-	-	-

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % (IX) = (VIII/IV) *100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(d)	Insurance Companies	-	-	-	-	-	-	-
(e)	FII's	-	-	-	-	-	-	-
(f)	Foreign Venture Capital	-	-	-	-	-	-	-
(g)	Any other (specify)	-	-	-	-	-	-	-
i.	Foreign Financial Institution	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-
<b>2.</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	23	87,350	21,800	0.49	0.49	0.00	0.00
(b)	Individuals	-	-	-	-	-	-	-
i.	Individual shareholders holding nominal share capital up to Rs. 1 lakh.	2,397	1,920,204	510,251	10.83	10.83	0.00	0.00
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	40	1,001,852	461,572	5.65	5.65	0.00	0.00
(c)	Any other (Specify)							
i.	Director/ Relative of Directors	8*	121,000	91,000	0.68	0.68	-	-
ii.	Clearing Member	-	-	-	-	-	-	-
iii.	Trust	1	142,500	-	0.80	0.80	0.00	0.00
iv.	NRIs	2	140,700	-	0.79	0.79	0.00	0.00
v.	Non Resident (Non Repatriable)	3	986,666	1,800	5.57	5.57	0.00	0.00
vi.	Hindu Undivided Family	1	3,000	-	0.02	0.02	0.00	0.00
	<b>Sub-Total (B)(2)</b>	<b>2,475</b>	<b>4,403,272</b>	<b>1,086,423</b>	<b>24.84</b>	<b>24.84</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2,475</b>	<b>4,403,272</b>	<b>1,086,423</b>	<b>24.84</b>	<b>24.84</b>	<b>0.00</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>2,501</b>	<b>17,727,376</b>	<b>1,268,373</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>							
	-	-	-	-	-	-	-	-
	<b>GRAND</b>	<b>2,501**</b>	<b>17,727,376</b>	<b>1,268,373</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % (IX) = (VIII/IV) *100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
	<b>TOTAL (A)+(B)+(C)</b>							

\* Includes 25000 equity shares held by 1 (one) Non Resident (Non Repatriable basis) Director

\*\* Includes shareholders holding shares in different folios

(b) Statement showing Shareholding of person belonging to the category of “Promoter and Promoter Group”:

Sr. No.	Name of the shareholder	Pre-issue paid up capital		Post-Issue Paid-up Capital		Shares pledged or otherwise encumbered	
		Number of shares	%	Number of shares	%	Number of shares	As a %
(I)	(II)	(III)	(IV)			(V)	(VI) = (V/III)*100
1.	Galaxy Emulsifiers Private Limited	271,500	1.53	271,500	1.15	-	-
2.	Mr. Unnathan Shekhar, Mr. Gopalkrishnan Ramakrishnan, Mr. Shashikant Rayappa Shanbhag and Mr. Sudhir Dattaram Patil as partners of M/s. Galaxy Chemicals.	4,562,032	25.73	4,562,032	19.28		
3.	Mr. Unnathan Shekhar	2,056,720	11.60	2,056,720	8.69	-	-
4.	Mr. Sudhir Dattaram Patil	2,053,020	11.58	2,053,020	8.68	-	-
5.	Mr. Shashikant Rayappa Shanbhag	2,029,042	11.45	2,029,042	8.58	-	-
6.	Mr. Gopalkrishnan Ramkrishnan	1,165,054	6.57	1,165,054	4.92	-	-
7.	Ms. Jayashree Ramakrishnan	896,486	5.06	896,486	3.79	-	-
8.	Mr. Karthik Shekhar	58,000	0.33	58,000	0.25	-	-
9.	Mr. Sridhar Unnathan	58,450	0.33	58,450	0.25	-	-
10.	Ms. Shanthi Laxminarasimhan	90,000	0.51	90,000	0.38	-	-
11.	Ms. Vandana Shashikant Shanbhag	55000	0.31	55000	0.23	-	-
12.	Mr. V Unnathan-HUF	6,000	0.03	6,000	0.03	-	-
13.	Ms. Lakshmy Shekhar	4,200	0.02	4,200	0.02	-	-
14.	Ms. Lata Nayak	2,100	0.01	2,100	0.01	-	-
15.	Ms. Sumathi Gopal	1,500	0.01	1,500	0.01	-	-
16.	Ms. Anuradha Dayanand Prabhu	4,500	0.03	4,500	0.02	-	-
17.	Mr. K S Natarajan	3,000	0.02	3,000	0.01	-	-
18.	Mr. Nilkant Gangadhar Amonker	1,500	0.01	1,500	0.01	-	-
19.	Ms. Vanita Hiren Kerkar	1,500	0.01	1,500	0.01	-	-
20.	Ms. Prabhavati Nilkant Amonker	1,500	0.01	1,500	0.01	-	-
21.	Ms. Marakatham Anandaram	3,000	0.02	3,000	0.01	-	-
<b>TOTAL</b>		<b>1,33,24,104</b>	<b>75.16</b>	<b>1,33,24,104</b>	<b>56.32</b>	-	-

(c) Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares:

Sr. No.	Name of the shareholder	Number of shares	As a % of Pre-Issue Paid-up Capital
1.	Mr. Hemant Kavathankar	705,600	3.98
2.	Ms. Jayashree Ramesh	279,266	1.58
<b>TOTAL</b>		<b>984,866</b>	<b>5.56</b>

11. Our Company has 2,501 shareholders (including shareholders holding shares in different folios) as on date of the Draft Red Herring Prospectus. 16,459,003 Equity Shares are held in physical form and 1,268,373 are held in demat form as on date of the Draft Red Herring Prospectus.

12. Top ten shareholders of our Company and their shareholding is set forth below:

(a) Top ten shareholders of our Company as on the date of the Draft Red Herring Prospectus:

Sr. No.	Name of Shareholder	Number of Equity Shares	Percentage
1.	Mr. Unnathan Shekhar, Mr. Gopalkrishnan Ramakrishnan, Mr. Shashikant Rayappa Shanbhag and Mr. Sudhir Dattaram Patil as partners of M/s. Galaxy Chemicals.	4,562,032	25.73
2.	Mr. Unnathan Shekhar	2,056,720	11.60
3.	Mr. Sudhir Dattaram Patil	2,053,020	11.58
4.	Mr. Shashikant Rayappa Shanbhag	2,029,042	11.45
5.	Mr. Gopalkrishnan Ramakrishnan	1,165,054	6.57
6.	Ms. Jayashree Ramakrishnan	896,486	5.06
7.	Mr. Hemant Kavthankar	705,600	3.98
8.	Ms. Jayshree Ramesh	279,266	1.58
9.	Galaxy Emulsifiers Private Limited	271,500	1.53
10.	Galaxy Surfactants Ltd – Employees Welfare Trust	142,500	0.80
<b>TOTAL</b>		<b>14,161,220</b>	<b>79.88</b>

(b) Top ten shareholders of our Company as on ten days prior to the date of the Draft Red Herring Prospectus:

Sr. No.	Name of Shareholder	Number of Equity Shares	Percentage
1.	Mr. Unnathan Shekhar, Mr. Gopalkrishnan Ramakrishnan, Mr. Shashikant Rayappa Shanbhag and Mr. Sudhir Dattaram Patil as partners of M/s. Galaxy Chemicals.	4,562,032	25.73
2.	Mr. Unnathan Shekhar	2,056,720	11.60
3.	Mr. Sudhir Dattaram Patil	2,053,020	11.58
4.	Mr. Shashikant Rayappa Shanbhag	2,029,042	11.45
5.	Mr. Gopalkrishnan Ramakrishnan	1,165,054	6.57
6.	Ms. Jayashree Ramakrishnan	896,486	5.06
7.	Mr. Hemant Kavthankar	705,600	3.98
8.	Ms. Jayshree Ramesh	279,266	1.58
9.	Galaxy Emulsifiers Private Limited	271,500	1.53
10.	Galaxy Surfactants Ltd – Employees Welfare Trust	142,500	0.80
<b>TOTAL</b>		<b>14,161,220</b>	<b>79.88</b>

(c) Top ten shareholders of our Company two (2) years prior to date of the Draft Red Herring Prospectus:

Sr. No.	Name of Shareholder	Number of Equity Shares	Percentage
1.	Mr. Unnathan Shekhar, Mr. Gopalkrishnan Ramakrishnan, Mr. Shashikant Rayappa Shanbhag and Mr. Sudhir Dattaram Patil as partners of M/s. Galaxy Chemicals.	2,238,850	26.14
2.	Mr. Unnathan Shekhar	1,028,360	12.01

Sr. No.	Name of Shareholder	Number of Equity Shares	Percentage
3.	Mr. Sudhir Dattaram Patil	1,026,510	11.99
4.	Mr. Shashikant Rayappa Shanbhag	1,017,021	11.88
5.	Mr. Gopalkrishnan Ramakrishnan	585,027	6.83
6.	Ms. Jayashree Ramakrishnan	448,243	5.23
7.	Mr. Hemant Kavthankar	352,800	4.12
8.	Ms. Jayshree Ramesh	139,633	1.63
9.	Galaxy Emulsifiers Private Limited	135,750	1.58
10.	Mr. Padmanabh Balkrishna Shanbhag	59,850	0.70
	<b>TOTAL</b>	<b>7,032,044</b>	<b>82.11</b>

13. Our Company has not been formed by conversion of a partnership firm into a company.

14. Our Company has not made any public issue since its incorporation.

15. We presently do not have any intention to issue further capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing the Draft Red Herring Prospectus with SEBI until the Equity Shares issued / proposed to be issued pursuant to the Issue have been listed.

16. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into/exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.

17. Save and except as stated below, there has been no allotment of Equity Shares that may be at a price lower than the Issue Price within the last twelve (12) months from the date of the Draft Red Herring Prospectus:

Date of Allotment	Allottees	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)
November 30, 2009	Shareholders of our Company as on date of allotment in the Bonus Issue #	8,563,688	10	NA
March 31, 2010	Preferential allotment of Equity Shares*	600,000	10	110 <sup>§</sup>

<sup>§</sup> This price i.e Rs. 110 per share may be lower than the Issue Price at which the proposed public offering is to be made.

<sup>#</sup> Bonus Issue of 8,563,688 Equity Shares in the ratio of 1 Equity Share for every 1 Equity Share to shareholders of our Company.

\* Preferential allotment of 600,000 Equity Shares at a premium of Rs. 100/- per share issued in favour of the following applicants:

239,850 Equity Shares in favour of Mr. K. Natarajan, Mr. Unnathan Shekhar and Mr. Ganesh Kamath (jointly), as the trustees of Galaxy Surfactants Limited - Employees Welfare Trust. Galaxy Surfactants Limited - Employees Welfare Trust was constituted pursuant to a Trust Deed dated January 07, 2010 entered between Galaxy Surfactants Limited, as the 'Settlor' and Mr. K. Natarajan, Mr. Unnathan Shekhar and Mr. Ganesh Kamath as the 'trustees'. The said trust was constituted for the benefit of the employees of our Company.

Balance 360,150 Equity Shares in favour of the following applicants:

10,000 Equity Shares in favour of Mr. Vijay Krishan Sood; 17,000 Equity Shares in favour of Mr. Adarsh Nayyar; 9,800 Equity Shares in favour of Mr. Dilip Mhatre; 8,600 Equity Shares in favour of Mr. Kamaljit Singh Sahota; 21,000 Equity Shares in favour of Mr. Natarajan K Krishnan; 13,600 Equity Shares in favour of Mr. Yogesh Kalra; 15,000 Equity Shares in favour of Mr. Ganesh Kamath; 5,000 Equity Shares in favour of Mr. Arjan G. Kukreja; 9,000 Equity Shares in favour of Mr. Milind Anant Patil; 8,000 Equity Shares in favour of Mr. Ramesh Baliram Mande; 21,000 Equity Shares in favour of Mr. Vaijanath Kulkarni; 2,500 Equity Shares in favour of Mr. B Chandrasekaran; 9,400 Equity Shares in favour of Mr. Deepak Shripathi Ballal; 17,000 Equity Shares in favour of Mr. Nirmal Koshti; 21,000 Equity Shares in favour of Mr. Subhas Sen; 3,000 Equity Shares in favour of Mr. Anil B Ganu; 10,000 Equity Shares in favour of Mr. Babu Vaidyanathan Iyer; 10,000 Equity Shares in favour of Mr. Bhagat R Patil; 3,000 Equity Shares in favour of Mr. Sunil S Bhagwat; 500 Equity Shares in favour of Mr. Mayur Patki; 3,000 Equity Shares in favour of Mr.

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*Narinderjit Singh Saggu; 3,000 Equity Shares in favour of Mr. Kamal Begwani; 15,000 Equity Shares in favour of Mr. M G Parameswaran; 3,000 Equity Shares in favour of Mr. P M John; 50 Equity Shares in favour of Mr. R V Rao; 3,000 Equity Shares in favour of Mr. Rajeev Vijay Dalvi; 5,000 Equity Shares in favour of Mr. Rusi Governor; 3,000 Equity Shares in favour of Mr. Sanjeev Rajendra Pandit; 13,000 Equity Shares in favour of Mr. S Kulshekar; 3,000 Equity Shares in favour of Mr. S R Halbe; 15,000 Equity Shares in favour of Mr. Shekhar Ravindranath; 3,000 Equity Shares in favour of Mr. Seema Pendharkar; 5,000 Equity Shares in favour of Mr. Shirish Chintamani Potmis; 15,000 Equity Shares in favour of Mr. Subodh Satchitanand Nadkarni; 15,000 Equity Shares in favour of Mr. Venkatesh Kasturirangan; 5,000 Equity Shares in favour of Mr. V Swaminathan; 200 Equity Shares in favour of Mr. K G T Venkateswaran; 2,500 Equity Shares in favour of Mr. Vijay Kamalakant Gadkari; 3,000 Equity Shares in favour of Mr. Vinod Nandlal Pandya and 31,000 Equity Shares in favour of Mr. Uday Krishna Kamat.*

18. Our Company has not issued any Equity Shares out of revaluation reserves. Our Company has not revalued its assets since incorporation.
19. Our Company has not raised any bridge loan against the proceeds of the Issue.
20. This Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to QIBs, except allocation to Anchor Investors. Further, not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which one-third will be available for allocation to domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (including Mutual Funds), subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to other QIBs in proportion to their Bids on a proportionate basis, subject to valid Bids at or above Issue Price.

21. Under subscription, if any, in the QIB Portion, Non-Institutional Portion or Retail Portion shall be allowed to be met with spillover from the other categories or combination of categories at the discretion of our Company and BRLMs in consultation with the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price.
22. Investors may note that in case of over subscription, if any, in the Issue, the allotment shall be made on proportionate basis to QIBs, Non-Institutional Bidders and Retail Individual Bidders and will be finalised by our Company and the BRLMs in consultation with the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid bids being received at or above the Issue Price.
23. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of one (1), while finalising the Basis of Allotment. Consequently, the actual Allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-Issue paid up capital after the Issue would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares held by our Promoters and subject to lock-in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
24. Our Company, our Promoters, our Promoter Group, our Directors and the BRLMs have not entered into any buy back, standby or similar arrangements for the purchase of Equity Shares being offered through the Issue.
25. None of the BRLMs and their associates hold any Equity Shares as on the date of filing the Draft Red Herring Prospectus.
26. None of our Promoter Group, Directors or their relatives have financed the purchase of securities of our Company by any other person during the period of six (6) months immediately preceding the date of filing Draft Red Herring Prospectus.
27. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up Equity Shares.

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28. As per the extant policy, OCBs are not permitted to participate in the Issue. Sub accounts of FIIs who are foreign corporate or foreign individuals are not QIBs, and hence cannot Bid in the QIB Portion in the Issue.
29. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme as on the date of the Draft Red Herring Prospectus.
30. The details of Galaxy Surfactants Limited Employee Welfare Trust are as follows:
- Galaxy Surfactants Limited Employee Welfare Trust (“**Trust**”) was established by a deed of trust dated January 07, 2010, for the benefit of all the former and existing employees including Whole-time Director of Galaxy Surfactants Limited. The trustees of the Trust are Mr. Unnathan Shekhar, Mr. Ganesh Kamath and Mr. K. Natarajan.
  - Galaxy Surfactants Limited, the settlor, had established the Trust with an initial corpus of Rs.1,000, which was handed over to the trustees. Our Company had granted a sum of Rs. 25,823,425 as loan to the Trust during March 2010 and the eligible employees had deposited their own money towards share application. On March 31, 2010, our Company allotted 239,850 Equity Shares of Rs.10 each at a premium of Rs. 100 each to the Trust. Subsequently, 97,350 Equity Shares were transferred by the Trust to the eligible employees (other than Whole-time Directors) at a price of Rs. 110 per Equity Share.
  - The Trust currently holds 142,500 Equity Shares in the Company which are currently registered in the name of its Trustees. Since the beneficiaries of the said Equity Shares are the employees of our Company, the said shareholding of the Trust does not form a part of the Promoter Group.
31. As on the date of the Draft Red Herring Prospectus, there are no outstanding warrants, options or debentures or other financial instruments issued by our Company, which would entitle our Promoter or shareholders of our Company or any other person an option to receive Equity Shares of our Company. Further, there are no loans which are convertible into Equity Shares of our Company.
32. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be prescribed by SEBI from time to time.
33. A Bidder cannot make a Bid for more than the number of Equity Shares offered to the public through the Issue, subject to maximum limit of investment prescribed under relevant laws applicable to each category of investors.
34. Except as disclosed in the Draft Red Herring Prospectus, no payment, direct or indirect, in the nature of discount, allowance, commission or otherwise, shall be made either by us or our Promoters to the persons who receives Allotments, if any, in this Issue.



## OBJECTS OF THE ISSUE

The objects of the Issue are to:

1. fund the capital expenditure of our step down subsidiary GC Egypt, through investment in our subsidiary, GHML
2. fund the capital expenditure for setting up new manufacturing facility at Jhagadia, Gujarat
3. expand the capacities at our existing manufacturing units at Tarapur
4. expand the capacities at our existing manufacturing units at Taloja
5. general corporate purposes

The main objects and the objects incidental or ancillary to the main objects as set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised through this Issue.

### Proceeds of the Issue

The details of the proceeds of the Issue are summarized in the table below:

*(Rs. in mn)*

Particulars	Estimated Amount*
Gross proceeds of the Issue ("Issue Proceeds")	[●]
Issue related expenses	[●]
Net proceeds of the Issue ("Net Proceeds")	[●]

\*Will be included after finalization of the Issue Price

### Requirement of Funds

We estimate our Net Proceeds to be Rs. [●] mn. We intend to utilise the net proceeds as per the table set forth below:

*(Rs. in mn)*

Sr. No.	Particulars	Total estimated Cost
1.	Fund the capital expenditure of our step down subsidiary GC Egypt*	2,123.00
2.	Fund the capital expenditure for setting up new manufacturing facility at Jhagadia, Gujarat	701.00
3.	Fund the expansion of capacities at our existing manufacturing units at Tarapur	470.00
4.	Fund the expansion of capacities at our existing manufacturing units at Taloja	135.00
5.	General Corporate Purposes	[●]
	<b>Total</b>	<b>[●]</b>

\* We have assumed the following conversion rates for project costs to be incurred in foreign currencies: USD 1 = INR 48; EURO 1 = INR 62; 1 Great Britain Pound (GBP) = INR 75.

### Means of Finance

The above requirement of funds shall be financed as follows:

*(Rs. in mn)*

Sr. No.	Particulars	Amount
1.	Project Loan from IFC	576.00
2.	External Commercial Borrowing ("ECB") from Standard Chartered Bank, London	336.00
3.	Term loans from Domestic Banks	600.00
4.	Net Proceeds of the Issue	[●]
5.	Internal Accruals	[●]
	<b>Total</b>	<b>[●]</b>

#### Notes:

- ECB and loan from IFC (aggregating to USD 19 mn) are in foreign currency, the conversion rate is assumed at USD 1 = INR 48.

- The term loan from domestic banks can be used for meeting the capital expenditure relating to the projects being implemented in India only. The above mentioned term loan has been sanctioned to our Company by IDBI Bank Limited, The Saraswat Co-operative Bank Limited and The Shamrao Vithal Co-operative Bank Limited as under:

(Rs. in mn)

Bank Names	Amount Sanctioned	Amount utilised for purposes other than Objects of the Issue	Balance amount earmarked for the above mentioned objects (excluding the project in Egypt)
IDBI Bank Limited	250.00	50.00	200.00
The Saraswat Co-operative Bank Limited	250.00	50.00	200.00
The Shamrao Vithal Co-operative Bank Limited	250.00	50.00	200.00
<b>Total</b>	<b>750.00</b>	<b>150.00</b>	<b>600.00</b>

- Loan from IFC has been sanctioned to GC Egypt (a 100% step down subsidiary of our Company). This loan will be used to finance Phase I of the GC Egypt project where OSAA capacity of 50000 MTPA will be created. Our Company has agreed to extend corporate guarantee for the same.
- We have an External Commercial Borrowing limit from Standard Chartered Bank, London to the extent of Rs. 576 mn (USD 12 mn) out of which Rs.336 mn (USD 7 mn) has been earmarked to fund the proposed Phase I project in GC Egypt. As of July 15, 2010, the entire amount of Rs. 336 mn has been drawn, out of which Rs. 255.98 mn has been spent for the project and the balance amount of Rs. 80.02 mn is lying as cash and bank balance with GHML and GC Egypt as under:

Name of our Subsidiary	Amount (USD in mn)	Amount (Rs. in mn)	Name of the Banks
GHML	0.37	17.79	HSBC Bank, Mauritius
GC Egypt	1.30	62.23	HSBC Bank, Egypt
<b>Total</b>	<b>1.67</b>	<b>80.02</b>	

Note: Conversion rate of the foreign currency is assumed at USD 1 = INR 48.

In the event, IPO gets deferred, we might consider borrowing funds for the same. In such a case, the proceeds of the Issue would be utilized in repaying the debt taken for the above purposes.

The fund requirements are based on internal management estimates and have not been appraised by any bank or financial institution or any other independent agency.

We may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects.

In the event of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue. In case of any increase in the actual utilization of funds earmarked for the above activities or actual Net Proceeds from this Issue being lower than contemplated, such shortfall will be met from a combination of internal accruals, additional equity or debt infusion. In case of surplus funds either due to lower utilization than what is stated above or surplus Issue proceeds after meeting all the above mentioned objects, the same shall be utilized towards general corporate purposes.

We confirm that the firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue and existing identifiable internal accruals, have been made.

The working capital requirements for the proposed objects of the issue will be met either by internal accruals, debt and/or draw down from our existing or new lines of credit.

### Year-wise break-up of fund utilisation

The year-wise break-up of proposed utilisation of funds is as follows:

(Rs in mn)

Particulars	Total funds required	Funds deployed up to July 15, 2010 <sup>#</sup>	Incremental deployment in Fiscal 2011	Deployment in Fiscal 2012	Deployment in Fiscal 2013
Fund the capital expenditure of our step down subsidiary GC Egypt	2,123.00	326.99	793.01	874.00	129.00
Fund the capital expenditure for setting up new manufacturing facility at Jhagadia, Gujarat	701.00	36.96	568.04	96.00	-
Fund the expansion of capacities at our existing manufacturing units at Tarapur	470.00	-	297.00	173.00	-
Fund the expansion of capacities at our existing manufacturing units at Taloja	135.00	-	115.00	20.00	-
General corporate purposes	[•]	-	[•]	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>363.95</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

<sup>#</sup> The same has been certified by M/s. S.V. Pinge & Co, Chartered Accountants, vide certificate dated July 20, 2010.

The aforementioned expenditure of Rs. 363.95 mn was financed through ECB of Rs 255.98 mn and internal accruals of Rs. 107.97 mn.

### DETAILS OF OBJECTS OF THE ISSUE

#### 1. Fund the capital expenditure of our step down subsidiary GC Egypt, through investment in our subsidiary, GHML.

We are setting up our manufacturing facility in Suez, Egypt through our step down subsidiary GC Egypt for which the investment by our Company will be through GHML. The investment in GHML will be either in the form of equity shares, preference shares or loan or a combination thereof, which would be decided on receipt of the Net Proceeds. Our Company may receive dividends and/or interest depending upon our mode of investment in GHML.

This facility will be developed in two phases with a total capacity of 90,000 MTPA. Following table depicts the upcoming capacities in Egypt under two phases:

Particulars	Capacity (MTPA)	Project cost (Rs in mn)	Status
Phase I			
OSAA	50,000	1,302	Under construction
Total		1,302	
Phase II			
OSAA	22,000	278	Yet to commence construction
FA/FAE	8,000	173	
Other Specialty Chemicals	10,000	370	
Total		821	
GRAND TOTAL	90,000	2,123	

The detailed cost estimates involved in setting up the capacity and the amount incurred till July 15, 2010 are given below:

(Rs. in mn)

Particulars	Total Estimated cost	Amount incurred till July 15, 2010	Balance Estimated Cost
<b>Phase I</b>			
Civil Work	315.80	126.67	189.13
Plant and Machinery	752.02	147.48	604.54
Office Equipments	20.08	-	20.08
Pre-operative Expenses	152.00	52.84	99.16
Contingencies	62.10	-	62.10
<b>Total</b>	<b>1,302.00</b>	<b>326.99</b>	<b>975.01</b>
<b>Phase II</b>			
Civil Work	206.79	-	206.79
Plant and Machinery	575.00	-	575.00
Contingencies	39.21	-	39.21
<b>Total</b>	<b>821.00</b>	<b>-</b>	<b>821.00</b>
<b>GRAND TOTAL</b>	<b>2,123.00</b>	<b>326.99</b>	<b>1,796.01</b>

**Note:** External Commercial Borrowing from Standard Chartered Bank, London and Project loan from IFC of Rs. 336 mn and Rs. 576 mn respectively, will be used for Phase I of the GC Egypt project in which OSAA capacity of 50,000 MTPA would be constructed. Balance project cost of Rs. 1,211 mn shall be met either through Net Proceeds or internal accruals or a combination thereof.

#### **Land**

GC Egypt has been allotted land admeasuring 48,150 square meters in Attaqa Public Free Zone, Suez, Egypt. The allotted land is on 25 years lease from the Government of Egypt. GC Egypt has taken possession of the land and has made applications to various authorities for approvals. For further details on the approvals, please refer to chapter titled "Government / Statutory Approvals and Licenses" on page 290 of the Draft Red Herring Prospectus.

#### **PHASE I OF GC EGYPT FACILITY**

##### ***(a) OSAA Capacity of 50,000 MTPA***

#### **Civil Work**

The entire plant area will be 48,150 square meters and the total built up area will be approximately 18,700 square meters. Total civil work cost is estimated at Rs. 315.80 mn. GC Egypt has placed orders for civil works amounting to Rs.296.00 mn for which advance amount of Rs.126.67 mn has been paid.

Following are the details of the civil work for which we have placed the work orders:

#### **Work Orders Placed:**

Sr. No.	Item of Work	Supplier's Name	Date of Order	Expected Date of Completion	Amount (Rs in mn)
1.	Civil Work for Transformer Room, Administration Building, Plant Building, Drum Store Building, Engineering Store & Workshop, Tank Farm, Warehouse, Mobilization, Contractor's Shed, Scrap Yard Building, Captive Power Plant Building, Utility Block, Gate Cabins and Roads	Triscope	21.03.2010	30.04.2011	260.66
2.	Construction of Boundary Wall	Triscope	25.05.2010	Completed	25.36
3.	Consultancy Charges	Elgohary Architects	17.03.2010	28.02.2011	3.84
4.	Architectural Design & Support	R. V. Dalvi &	26.07.2010	28.02.2011	6.14

Sr. No.	Item of Work	Supplier's Name	Date of Order	Expected Date of Completion	Amount (Rs in mn)
		Associates			
<b>Total</b>					<b>296.00</b>

The cost estimates of balance civil work of Rs. 19.80 mn is given by M/s. R. V. Dalvi & Associates, Architects vide letter dated July 15, 2010 in the following table:

Sr. No.	Particulars	Unit of Measurement	Measure	Amount (Rs. in mn)
1.	Tanker Washing Shed	Square meters	200	3.40
2.	Water Treatment Plant	Square meters	400	6.80
3.	Water Tank	Square meters	800	9.60
<b>Total</b>				<b>19.80</b>

### **Plant and Machinery**

The total estimated cost of plant and machinery to be installed in the facility is Rs. 752.02 mn. We have already placed orders for machineries worth Rs. 305.10 mn for which we have paid an advance of Rs. 147.48 mn.

Following are the details of the equipments for which we have placed the orders:

Sr. No.	Plant & Machinery	Supplier's Name	Date of Order	Expected Date of Supply	Unit of Measurement	Quantity	Amount (Rs. in mn)
1.	Process Equipments	Desmet Ballestra S.P.A.	20.03.2010	30.09.2010	Nos.	25	91.02
2.	Tanks	Poly Plast Chemi-Plants	10.03.2010	30.10.2010	Nos.	17	29.20
3.	Material for Storage Tank	Outokumpu India Pvt. Ltd	06.07.2009 06.11.2009	Delivered Delivered	Kg Kg	122010 49910	14.44 9.01
4.	Warehouse Components	Dewas Techno Products Pvt. Ltd.	08.03.2010	30.09.2010	Nos.	31313	13.99
5.	MS Vessels	Sparkon Engineers	27.02.2010	30.10.2010	Nos.	17	11.38
6.	Pumps with spares	Ameya Food-Chem-Plast Systems Pvt. Ltd.	06.03.2010	30.09.2010	Nos.	9	7.60
7.	Stainless Steel Reactors & Vessels	Alfa Laval (India)Limited	06.03.2010	30.10.2010	Nos.	7	22.88
8.	On-off valves	Intervalve India Limited	31.03.2010	30.10.2010	Nos.	91	6.77
9.	Reactor	Dalal Engineering Pvt. Ltd.,	06.03.2010	30.09.2010	Nos.	1	6.24
10.	Transformer 2000 KV	Elsewedy Cables	26.03.2010	30.09.2010	Nos.	2	5.66
11.	Detailed Engineering	Omiti Engineering Private Limited	17.03.2010	01.07.2011	Lot	1	4.01
12.	Heat Exchangers	Alfa Laval (India)Limited	06.03.2010	30.10.2010	Nos.	7	2.86
13.	Air Compressor	Atlas Copco Equipment Egypt	06.03.2010	25.09.2010	Nos.	1	1.22
14.	Hazop Study Charges	Environics	24.04.2010	25.09.2010	Nos.	1	0.72
15.	Plant Model	Disha Miniatures	09.03.2010	30.10.2010	Nos.	1	0.10
16.	Accessories of Storage Tank	Sparkon Engineers	24.04.2010	30.09.2010	Nos.	1	8.09
17.	On-off valves	Integral Services	26.04.2010	20.09.2010	Nos.	195	5.56
18.	PCC & PDB	Elma Electric Co.Pvt.Ltd	07.05.2010	20.09.2010	Nos.	2	4.98
19.	25 KL Tanks	Poly Plast Chemi Plants	08.05.2010	30.09.2010	Nos.	2	0.73
20.	Gear Box	Macme Technology	22.05.2010	20.09.2010	Nos.	1	0.39
21.	Brine Chiller	York India Ltd,Pune	22.05.2010	20.09.2010	Nos.	1	1.97
22.	York Chiller	Johnson Controls (S) PTE Ltd	22.05.2010	20.09.2010	Nos.	1	2.40
23.	Centrifugal Air Blowers	Continental Thermal Engineers	24.05.2010	15.09.2010	Nos.	4	1.00
24.	Pre-Heater	Transparent Energy System Pvt. Ltd.	29.05.2010	20.10.2010	Nos.	1	0.88

Sr. No.	Plant & Machinery	Supplier's Name	Date of Order	Expected Date of Supply	Unit of Measurement	Quantity	Amount (Rs. in mn)
25.	Heat Recovery Boiler	Transparent Energy System Pvt.Ltd.	29.05.2010	25.10.2010	Nos.	1	2.10
26.	Cooling Towers	Hamon Shriram Cottrell Pvt Ltd	29.05.2010	25.09.2010	Nos.	4	2.58
27.	Heat Exchanger	Steam Radiators Manufacturing Co.(India) Pvt Ltd	01.06.2010	20.09.2010	Nos.	1	0.50
28.	Decanter Centrifuge	Alfa Laval (India) Ltd	01.06.2010	16.09.2010	Nos.	1	1.47
29.	Accessories for Power Unit	Electrical Equipment & Cables Co.	08.06.2010	15.09.2010	Nos.	1	2.82
30.	Accessories of MBR System	Rieco Industries Ltd	09.06.2010	22.10.2010	Nos.	1	1.53
31.	Lobe Blowers	TMVT Industries Pvt Ltd	11.06.2010	30.09.2010	Nos.	3	1.58
32.	Agitators	Rathi Vessels & Systems Pvt Ltd	11.06.2010	30.09.2010	Nos.	4	0.74
33.	MCC	Elma Electric Co. Pvt Ltd	14.06.2010	30.09.2010	Nos.	2	3.46
34.	Storage Tanks	Unique Dosing System	15.06.2010	20.09.2010	Nos.	6	1.42
35.	VFD Panels	FOX Solutions	16.06.2010	16.09.2010	Nos.	3	1.11
36.	Centrifugal Pumps	Microfinish Pump Pvt Ltd	18.06.2010	30.09.2010	Nos.	43	5.92
37.	Consultancy Charges for Warehouse	Space System	29.06.2010	30.09.2010	Nos.	1	0.24
38.	Fire Boiler	Bibcochran Ltd	29.06.2010	30.09.2010	Nos.	1	5.19
39.	Electrical job	Power Tek	29.06.2010	30.09.2010	Nos.	1	0.94
40.	Ball Valves	Microfinish Valves Pvt Ltd	01.07.2010	30.10.2010	Nos.	1805	5.14
41.	Control Valves	R.K.Control Instruments Pvt Ltd	06.07.2010	08.10.2010	Nos.	94	2.40
42.	Butterfly Valves	Intervalve India Ltd	07.07.2010	15.10.2010	Nos.	512	3.61
43.	Agitators	Fluid Misch-Und Dispergiertechnik	07.07.2010	25.09.2010	Nos.	13	9.18
44.	Electrical Services	Power Tek	13.07.2010	31.10.2010	Nos.	1	0.07
<b>Total</b>							<b>305.10</b>

We are yet to place orders for plant and machinery worth Rs. 446.92 mn which is 59.43% of the total fund required for purchasing the plant and machinery for Phase I of the Egypt project. The cost estimates of plant and machinery of Rs. 446.92 mn is certified by M/s. Miltec Consultancy Services, Chartered Engineers, *vide* certificate dated July 15, 2010. The details of the same are as below:

Sr. No.	Plant and Machinery	Amount (Rs. in mn)
1.	Heat Exchangers	1.58
2.	Filters	5.15
3.	Centrifugal pumps	4.40
4.	Centrifugal Air Blower	0.52
5.	Tankages / Structural Steel / Equipment Erection	54.53
6.	Pipes, fittings and valves	33.33
7.	Fabrication, Erection & Testing Of Piping	45.97
8.	Erection of Valves	0.73
9.	Nitrogen generation system	1.68
10.	Hot Air Generator Model Air pack	1.25
11.	Storage Tanks	24.02
12.	Electricals	18.62
13.	Structural steel	15.00
14.	Warehouse supplies	23.10
15.	Fire Hydrant System	10.00
16.	Control System	15.00
17.	Air Handling Unit System	22.66
18.	Doors	3.18

Sr. No.	Plant and Machinery	Amount (Rs. in mn)
19.	Insulation	16.54
20.	Effluent Treatment System	15.42
21.	Water Treatment systems	20.00
22.	Filling Systems & Balances	4.34
23.	Power Generator	39.84
24.	Micro Lab	40.06
25.	Laboratory Set Up	30.00
<b>Total</b>		<b>446.92</b>

We do not intend to acquire any second hand machinery for the project.

#### **Office Equipments**

We have estimated an amount of upto Rs. 20.08 mn to be incurred towards cost of office equipments and information technology infrastructure. This cost shall include cost of office furniture, equipments, computers (including computer peripherals) and ERP implementation. As of July 15, 2010 we have not incurred any expenditure under this head.

#### **Pre-operative Expenses**

The pre-operative expenses include expenses likely to be incurred during the construction period upto the date of commencement of commercial production. These expenses include lease rent, insurance, financing fees, interest expense during construction period, bank charges, fees for legal and professional consultancy, travelling and other establishment expenses. Management has estimated these expenses to be Rs 152.00 mn. As of July 15, 2010, our Company has incurred an expenditure of approximately Rs. 52.84 mn towards pre-operative expenses for the Egypt project.

#### **Contingencies**

In order to take care of price escalation in cost of the Project during implementation and to address any unforeseen expenditure with respect to the same, provision of contingency to the extent of Rs. 62.10 mn has been made, which is approximately 5% of cost of Phase I of Egypt Project. As of July 15, 2010, no contingency amount has been utilised.

### **PHASE II OF GC EGYPT FACILITY**

#### ***(a) OSAA Capacity of 22,000 MTPA***

#### **Civil Work**

The total built up area will be 2,540 square meters. The total civil cost of Rs. 29.94 mn is estimated by M/s. R. V. Dalvi & Associates, Architects vide letter dated July 15, 2010. The work is yet to be commenced. The break up of the civil work is as follows:

Sr No	Particulars	Unit of Measurement	Measure	Amount (Rs. in mn)
1.	Plant Building Extension	Square Meters	590	11.80
2.	Drum Store Extension	Square Meters	300	5.10
3.	Warehouse Extension	Square Meters	1,250	10.00
4.	Tank Farm	Square Meters	400	2.00
	<b>Built-up Area</b>	<b>Square Meters</b>	<b>2,540</b>	
5.	Architectural Design & Support			1.04
<b>Total</b>				<b>29.94</b>



### Plant and Machinery

We are yet to commence work for OSAA. The cost estimates of plant and machinery of Rs. 235 mn is certified by M/s. Miltec Consultancy Services, Chartered Engineers, vide certificate dated July 15, 2010. The details of the same are as below:

Sr. No.	Plant and Machinery	Unit of Measurement	Quantity	Amount (Rs. in mn)
1.	Process Equipments	Lot	1	125.00
2.	Reactor	Nos.	1	15.00
3.	Electrostatic precipitator	Nos.	1	5.00
4.	Storage tanks	Nos.	4	50.00
5.	Adjustment vessel with agitator and pump	Nos.	1	10.00
6.	Fabrication, Erection & Testing Of Piping	Lot	1	20.00
7.	Electrical and instrumentation requirements	Lot	1	10.00
<b>Total</b>				<b>235.00</b>

### *(b) FA/ FAE and Other Specialty Chemicals Capacity of 18000 MTPA*

### Civil Work

The total built up area of the civil works would comprise of 9,080 square meters. The total civil cost of Rs. 176.85 mn is estimated by M/s. R. V. Dalvi & Associates, Architects vide letter dated July 15, 2010. We are yet to commence the civil work. The break up of the civil work is as under:

Sr. No.	Particulars	UOM	Measure	Amount (Rs. in mn)
1.	Plant Building I	Square meters	2,500	50.00
2.	Plant Building II	Square meters	2,700	54.00
3.	Drum Store & AHU Room	Square meters	1,080	18.36
4.	Warehouse	Square meters	700	5.60
5.	Tank Farm	Square meters	1,200	8.40
6.	Utility Block Expansion	Square meters	400	6.60
7.	Administration Building	Square meters	500	10.00
	<b>Built-up Area</b>	Square meters	<b>9,080</b>	
8.	Architectural Design & Support			6.19
9.	Roads	Square Meters	3,000	4.20
10.	Land Levelling	Meters	5,000	8.00
11.	Drains	Meters	1,100	5.50
<b>Total</b>				<b>176.85</b>

### Plant and Machinery

The cost estimates of plant and machinery of Rs. 340 mn is certified by M/s. Miltec Consultancy Services, Chartered Engineers, vide certificate dated July 15, 2010. The details of the same are as below:

Sr. No.	Plant and Machinery	Amount (Rs. in mn)
1.	Reactors and vessels	115.00
2.	Agitators	35.00
3.	Flakers	6.00
4.	Conveyor Coolers	16.00
5.	Packing machines	6.00
6.	Air Handling Units	12.00
7.	Heat exchangers	10.00
8.	Distillation columns with internals	25.00
9.	Piping	30.00
10.	Insulation	20.00
11.	Automation	51.00
12.	Electricals	5.00

Sr. No.	Plant and Machinery	Amount (Rs. in mn)
13.	Cooling Tower & Accessories	2.00
14.	Pumps	1.00
15.	Thermic fluid system	1.00
16.	Boiler	4.00
17.	Fire Hydrant System	1.00
<b>Total</b>		<b>340.00</b>

We do not intend to acquire any second hand machinery for this phase. We are yet to place orders for plant and machinery worth Rs. 575 mn which is 100% of the total fund required for purchasing the plant and machinery for Phase II of the Egypt facility.

### Contingencies

In order to take care of price escalation in cost of the Project during implementation and to address any unforeseen expenditure with respect to the same, provision of contingency to the extent of Rs. 39.21 mn has been made, which is approximately 5% of project cost. As of July 15, 2010, no contingency amount has been utilised

### Schedule of Implementation

The expected schedule of implementation for the Egypt facility is given below:

Particulars	Phase I		Phase II	
	Start Date	Completion Date	Start Date	Completion Date
Land Acquisition	Completed		Completed	
Civil Works	November 2009	March 2011	May 2011	May 2012
Installation of Plant and Machinery	August 2010	April 2011	August 2011	March 2012
Trial run for Production	April 2011	July 2011	June 2012	July 2012
Date of Commercial Production	August 2011		August 2012	

## **2. Capital expenditure for setting up new manufacturing facility at Jhagadia, Gujarat**

We are setting up a green field project in Jhagadia. The total installed capacity at Jhagadia will be 77,000 MTPA which is as given below:

Product Group	Capacity (MTPA)	Project cost (Rs in mn)	Status
OSAA	65,000	501.00	Under implementation
Other Specialty Chemicals	12,000	200.00	Under implementation
<b>Total</b>	<b>77,000</b>	<b>701.00</b>	

The detailed cost estimates involved for setting up the said facility and the amount incurred till July 15, 2010 are as follows:

Particulars	Total estimated cost	(Rs. in mn)	
		Amount incurred till July 15, 2010	Balance cost
Civil Work	215.00	13.21	201.79
Plant and Machinery	426.53	17.02	409.51
Office Equipments	10.67	-	10.67
Pre-operative Expenses	15.44	6.73	8.71
Contingencies	33.36	-	33.36
<b>Total</b>	<b>701.00</b>	<b>36.96</b>	<b>664.04</b>

## Land

We have been allotted 157,221 square meters (38.8 acres) of land vide license agreement dated August 20, 2008 by GIDC at the cost of Rs. 96.69 mn which is not included in the above project cost. We have taken possession of the said land and we have made applications to various authorities for obtaining other statutory approvals. For further details on the approvals, please refer to chapter titled “Government / Statutory Approvals and Licenses” on page 290 of the Draft Red Herring Prospectus.

This facility at Jhagadia is primarily to cater to the export market and we have received approval for EOU status for the same.

## Civil Work

The entire plant area will be approximately 50,000 square meters and bounded by a wall. The total built up area will be approximately 18,145 square meters and the estimated civil works cost is Rs. 215 mn. The total civil cost is estimated by M/s. R. V. Dalvi & Associates, Architects vide letter dated June 3, 2010.

The breakup of civil work cost is given below:

Sr. No.	Particulars	Unit of Measurement	Measure	Amount (Rs. in mn)
1.	Tank Farm	Square meters	5300	5.30
2.	Plant Building 1	Square meters	1600	25.60
3.	Plant Building 2	Square meters	2000	30.00
4.	Drum Store	Square meters	1100	13.20
5.	Warehouse plinth	Square meters	1400	7.00
6.	Tank Farm	Square meters	1760	8.80
7.	Amenity Block	Square meters	1530	22.94
8.	PCC Room	Square meters	225	2.70
9.	DG Room	Square meters	300	3.60
10.	Utility Block	Square meters	420	5.04
11.	HSD Tank Farm	Square meters	225	1.13
12.	N2 Tank Farm	Square meters	225	1.13
13.	Consumable Store	Square meters	80	1.00
14.	Engineering Store	Square meters	80	1.00
15.	Instrument Room	Square meters	80	1.00
16.	Maintenance Room	Square meters	80	1.00
17.	Gate Cabin 1	Square meters	100	1.75
18.	Gate Cabin 2	Square meters	100	1.75
19.	Transformer Yard	Square meters	750	3.00
20.	Water treatment plant	Square meters	150	1.65
21.	Tanker Washing shed	Square meters	200	2.00
22.	Contractor Shed	Square meters	240	1.92
23.	Scrap Yard	Square meters	200	1.92
	<b>Built-up area</b>	<i>Square meters</i>	<b>18,145</b>	
24.	Architectural design and support			7.53
25.	Site levelling	Cubic meters	64000	10.00
26.	Compound Wall	Meters	1800	7.20
27.	Cooling Tower basin	Nos.	2	0.84
28.	Water Storage tank	Cubic meters	1000	8.00
29.	Fire hydrant Tank + Pump Room	Cubic meters	500	4.00
30.	Road	Square meters	16000	19.20
31.	Drain	Meters	3200	12.80
32.	Culverts	Nos.	2	1.00
<b>Total</b>				<b>215.00</b>

We have already placed orders for civil work worth Rs. 112.70 mn towards which we have paid an advance amount of Rs. 13.21 mn.

### Plant and Machinery

We plan to invest Rs. 426.53 mn towards procuring plant and machinery required for this facility. We have already placed orders for machinery worth Rs. 46.94 mn, the details of which are as follows:

Sr. No.	Plant & Machinery	Supplier's Name	Date of Order Placed	Expected Date of Delivery	Unit of Measurement	Quantity	Amount (Rs. in mn)
1.	Reactors	Alfa Laval (India)Limited	28.01.2010	31.10.2010	Nos.	6	16.15
2.	Warehouse	Dewas Techno Products Pvt. Ltd.	25.03.2010	31.12.2010	Nos.	1	7.00
3.	Storage Tank	Dalal Engineering Pvt. Ltd.	19.03.2010	20.09.2010	Nos.	2	6.65
4.	Agitator	Ekato Ruhr-Und Mischtechnik	08.01.2010	15.10.2010	Nos.	1	5.33
5.	Safety Studies	Chilworth Technology (Pvt.) Ltd.	28.12.2009	31.12.2010	Nos.	1	0.50
6.	SIL Studies	Hima Middle East Fze	22.05.2010	Completed	Nos.	1	0.24
7.	Electrical Design	L-Power Solutions	01.02.2010	31.10.2010	Nos.	1	0.20
8.	Liquid Nitrogen Charges	Mec Elec Industrial Services	27.02.2010	15.09.2010	Nos.	1	0.12
9.	Agitator	Ekato Ruhr-Und-Mischtechnik	07.05.2010	15.10.2010	Nos.	1	4.22
10.	Internals for distillation columns	Sulzer India Ltd	05.06.2010	10.11.2010	Nos.	1	6.53
<b>Total</b>							<b>46.94</b>

For the orders placed we have made an initial payment of Rs. 17.02 mn. The balance cost estimates of plant and machinery of Rs. 379.59 mn, is certified by M/s. Miltec Consultancy Services, Chartered Engineers, vide certificate dated July 15, 2010, the details of which are as follows:

Sr. No.	Plant and Machinery	Unit of Measurement	Quantity	Amount (Rs. in mn)
1.	Agitators	Nos.	12	6.68
2.	Lobe Pumps	Nos.	2	5.37
3.	Boiler	Nos.	1	2.35
4.	Chiller	Nos.	1	0.93
5.	Cooling Tower	Nos.	1	3.41
6.	Vessels	Nos.	17	8.27
7.	Chemclad SC	Square Ft	3,255	5.39
8.	Storage tanks	Nos.	10	26.60
9.	Vacuum System	Nos.	1	2.46
10.	Internals for distillation columns	Lot	1	5.27
11.	Additional civil works	Lot	1	104.60
12.	Power Generator	Nos.	1	37.30
13.	Heat exchangers Shell &Tube type	Nos.	1	16.80
14.	Drum Filling System	Nos.	2	3.83
15.	Instrumentation	Lot	1	40.20
16.	Erection of Storage Tanks	Nos.	12	19.60
17.	Steel for Storage Tanks	Nos.	1	5.10
18.	Warehouse Equipments	Lot	2	25.46
19.	Warehouse Equipments	Nos.	2	6.63
20.	Air compressor system	Nos.	1	0.88
21.	Air conditioning system	Nos.	1	0.91
22.	Fire hydrant system	Nos.	1	10.00
23.	Doors	Lot	1	1.60
24.	Weigh Balances & Drum Filling System	Nos.	1	2.21
25.	Insulation	Nos.	1	8.27
26.	Architectural design and support	-	-	7.00

27.	Laboratory Set up	Nos.	1	22.47
	<b>Total</b>			<b>379.59</b>

We do not intend to purchase any second hand plant and machinery for this project. We are yet to place orders for plant and machinery worth Rs. 379.59 mn which is 88.99% of the total fund required for purchasing the plant and machinery for the project in Jhagadia.

#### **Office Equipments**

We have estimated an amount of upto Rs. 10.67 mn to be incurred towards cost of office equipments and information technology infrastructure. This cost shall include cost of office furniture, equipments, computers (including computer peripherals) and telecommunication set up. As of July 15, 2010, we have not incurred any expenditure under this head.

#### **Pre-operative Expenses**

The pre-operative expenses include expenses likely to be incurred during the construction period upto the date of commencement of commercial production. These expenses include rent, insurance, recruitment expenses, financing cost and bank charges, fees for legal and professional consultancy, travelling and other establishment expenses. Management has estimated these expenses to be Rs 15.44 mn, As of July 15, 2010, our Company has incurred an expenditure of Rs. 6.73 mn towards pre-operative expenses for this project.

#### **Contingencies**

In order to take care of price escalation in cost of the Project during implementation and to address any unforeseen expenditure with respect to the same, provision of contingency to the extent of Rs. 33.36 mn has been made, which is approximately 5% of project cost. As of July 15, 2010, no contingency amount has been utilised.

#### **Schedule of Implementation**

The expected schedule of implementation for the Jhagadia facility is given below:

Particulars	Start Date	Completion Date
Land Acquisition	Completed	
Civil Work	April 2010	January 2011
Installation of Plant and Machinery	October 2010	February 2011
Trial run for Production	March 2011	April 2011
Date of Commercial Production	May 2011	

### **3. Funding the capital expenditure for our manufacturing unit at Tarapur:**

We intend to expand our capacities at Tarapur as given below:

Product Group	Capacity (MTPA)	Project cost (Rs. in mn)	Status
Other Specialty Chemicals	2,750	470	Yet to start construction
<b>Total</b>	<b>2,750</b>	<b>470</b>	

This facility will be developed on the existing available land area at Tarapur. The status of various approvals and applications made for the same are given under chapter titled “Government / Statutory Approvals and Licenses” on page 290 of the Draft Red Herring Prospectus.

The detailed cost estimates for the Tarapur facilities are as follows:

Particulars	Amount (Rs. in mn)
Civil Work	150.00
Plant and Machinery	296.50
Contingency	23.50
<b>Total</b>	<b>470.00</b>

### **Civil Work**

The total built up area of the civil works would comprise of 10,552 square meters estimated to cost Rs. 150 mn. The total civil cost is estimated by M/s. R. V. Dalvi & Associates, Architects vide letter dated July 15, 2010. We are yet to commence civil work for the Tarapur project.

The break up of cost of civil work is as under:

Sr. No.	Particulars	Unit of Measurement	Measure	Amount (Rs. in mn)
1.	Plant 1	Square meters	2374	35.61
2.	Plant 2	Square meters	2374	35.61
3.	Plant 3	Square meters	2374	35.61
4.	Utility Block	Square meters	456	5.47
5.	Tank Farm 1	Square meters	285	1.43
6.	Tank Farm 2	Square meters	362	1.81
7.	Effluent treatment plant	Square meters	360	5.40
8.	Solvent Tank Farm	Square meters	540	2.70
9.	Scrap Yard	Square meters	152	1.52
10.	Pipe Rack	Square meters	1275	7.65
	<b>Built-up Area</b>		<b>10552</b>	
11.	Site levelling	Cubic meters	1500	2.50
12.	Road	Square meters	3200	3.84
13.	Drain	Square meters	950	3.80
14.	Compound Wall	Square meters	200	0.80
15.	Culverts	Nos.	2	1.00
16.	Architectural design & support			5.25
<b>Total</b>				<b>150.00</b>

### **Plant and Machinery**

We plan to invest Rs. 296.50 mn towards procuring plant and machinery required for this facility. The estimates of Rs. 296.50 mn have been certified by M/s. Miltec Consultancy Services, Chartered Engineers, vide certificate dated July 15, 2010. Following are the details of the plant and machinery required for the facility:

Sr. No.	Plant and Machinery	Unit of Measurement	Quantity	Amount (Rs. in mn)
1.	Agitators	Nos.	22	14.15
2.	Air Compressor	Nos.	1	1.00
3.	Air handling units	Nos.	1	3.00
4.	Tanker Filling System	Nos.	1	0.40
5.	Distillation unit	Nos.	1	0.40
6.	Cables	Lot	1	1.50
7.	Chemical Dozing system	Nos.	3	1.15
8.	Chiller	Nos.	1	2.00
9.	Chimneys	Nos.	2	1.30
10.	Columns	Nos.	9	5.40
11.	Condensers	Nos.	11	7.90
12.	Cooling Towers	Nos.	3	4.40
13.	DG Set & Accessories	Nos.	1	4.00
14.	Distilled water tank	Nos.	1	1.00
15.	Dozing pump setups	Nos.	1	0.50
16.	Drum Filling System	Nos.	1	0.50
17.	Effluent water collection tank	Nos.	1	0.50
18.	Electrification work	Lot	1	4.90
19.	Electricals-Cables & Others	Lot	1	5.10
20.	Electricals-HT Yard, PCC, MCC	Lot	1	6.60

Sr. No.	Plant and Machinery	Unit of Measurement	Quantity	Amount (Rs. in mn)
21.	Equalisation tank	Nos.	1	1.50
22.	Evaporator	Nos.	1	5.00
23.	Filters	Nos.	7	5.70
24.	Fire hydrant system	Lot	1	7.00
25.	Flaker Drum	Nos.	1	2.00
26.	Flaker Feed Tank	Nos.	1	0.50
27.	High pressure pump	Nos.	1	0.50
28.	Hot water generation system	Nos.	1	0.20
29.	Hot Well & Cold Well	Nos.	1	0.50
30.	Instrumentation work	Lot	1	3.20
31.	Instrumentation Equipments	Lot	1	4.10
32.	Insulation work	Lot	1	3.10
33.	Internals for Distillation Columns	Lot	1	1.00
34.	Laboratory Equipments	Lot	1	9.50
35.	Material Handling Equipments	Nos.	5	11.00
36.	Mechanical services	Lot	1	8.00
37.	Nitrogen storage system	Nos.	1	1.00
38.	Nozzle systems	Nos.	1	1.00
39.	Painting services	Nos.	1	4.20
40.	Pipes & Fittings	Lot	1	17.50
41.	Pumps	Lot	1	23.80
42.	Reactors	Nos.	14	18.30
43.	Receivers	Nos.	16	4.40
44.	RSW Pallets	Nos.	1	16.00
45.	Separator	Nos.	1	0.30
46.	Softners	Lot	1	0.40
47.	Spray Drying Plant	Nos.	1	11.00
48.	Steam Boiler & Accessories	Nos.	2	8.00
49.	Storage Tanks	Nos.	33	28.80
50.	Thermic fluid system	Nos.	1	2.60
51.	Structural Steel	MT	1	2.80
52.	Vacuum System	Nos.	3	10.00
53.	Vessels	Nos.	10	10.70
54.	Wash water tank	Nos.	1	1.00
55.	Water Treatment Plant	Nos.	1	1.00
56.	Weighing Balances	Nos.	1	0.80
57.	Wipe Film Distillation Unit	Nos.	1	4.00
58.	Catalyst Charging system	Nos.	1	0.40
<b>Total</b>				<b>296.50</b>

We do not intend to purchase any second hand plant and machinery for this project. We are yet to place orders for plant and machinery worth Rs. 296.50 mn which is 100% of the total fund required for purchasing plant and machinery for the expansion of our Tarapur facility.

#### **Contingencies**

In order to take care of price escalation in cost of the Project during implementation and to address any unforeseen expenditure with respect to the same, provision of contingency to the extent of Rs. 23.50 mn has been made, which is approximately 5% of project cost. As of July 15, 2010, no contingency amount has been utilised



### ***Schedule of Implementation***

The expected schedule for the project to commence production is given below:

Particulars	Start Date	Completion Date
Land Acquisition	Existing land available	
Civil Works	October 2010	May 2011
Plant and Machinery	November 2010	June 2011
Trial run for Production	July 2011	September 2011
Date of Commercial Production	October 2011	

#### **4. Funding the capital expenditure for our manufacturing unit at Taloja:**

We intend to expand our capacities at Taloja as follows:

Product Group	Capacity (MTPA)	Project cost (Rs. in mn)	Status
OSAA	5,000	135	Yet to start construction
<b>Total</b>	<b>5,000</b>	<b>135</b>	

This facility will be developed on the existing land area at Taloja. The status of the various approvals and applications made for the same are given under chapter titled “Government / Statutory Approvals and Licenses” on page 290 of the Draft Red Herring Prospectus.

The detailed cost estimates for expanding our capacities at Taloja are:

Particulars	Amount (Rs.in mn)
Civil Work	25.01
Plant and Machinery	102.10
Contingencies	7.89
<b>Total</b>	<b>135.00</b>

#### **Civil Work**

The total built up area of the civil works would comprise of 1,850 square meters. The cost of civil work is estimated at Rs. 25.01 mn by M/s. R. V. Dalvi & Associates, Architects vide letter dated July 21, 2010. We are yet to commence civil work for Taloja capacities.

The break up of cost of civil work is as under:

Sr. No.	Particulars	Unit of Measurement	Measure	Amount (Rs. in mn)
1.	Extension to existing Dryer Plant	Square meters	680	10.88
2.	Extension to existing Formulation Plant	Square meters	390	5.85
3.	Utility Structure	Square meters	250	3.00
4.	Tank Farm	Square meters	500	2.50
5.	Pipe Rack Extension	Square meters	30	0.45
	<b>Built-up Area</b>	<b>Square meters</b>	<b>1,850</b>	
6.	Roads	Square meters	500	0.75
7.	RCC Drain	Meters	200	0.70
8.	Architectural Design and Support			0.88
	<b>Total</b>			<b>25.01</b>

### **Plant and Machinery**

We plan to invest Rs. 102.10 mn for procurement of plant and machinery required for this facility. The estimates have been certified by M/s. Miltec Consultancy Services, Chartered Engineers, *vide* certificate dated July 15, 2010.

Following are the details of the plant and machinery required for this facility:

<b>Sr.No.</b>	<b>Plant and Machinery</b>	<b>Unit of Measurement</b>	<b>Quantity</b>	<b>Amount (Rs. in mn)</b>
1.	Dryer (Up gradation)	Nos.	1	2.00
2.	Dryer	Nos.	1	4.00
3.	Solid Mixers	Nos.	2	13.00
4.	Condenser	Nos.	1	0.60
5.	Vacuum Pump	Nos.	1	0.50
6.	Heat Exchangers	Nos.	2	1.00
7.	Blowers	Nos.	2	0.50
8.	Needlers	Nos.	1	5.00
9.	Coolers	Nos.	1	1.50
10.	Sieving Machine	Nos.	1	5.00
11.	Bagging Machine	Nos.	1	4.00
12.	Stacker	Nos.	1	1.00
13.	Hoist	Nos.	1	2.00
14.	Air Curtains and Strip Doors	Nos.	1	0.60
15.	Air Handling Unit	Lot	1	3.00
16.	Metal Detector	Nos.	1	1.20
17.	Dosing Systems	Nos.	1	1.50
18.	Weighing Balance	Nos.	1	1.00
19.	Duct Collector	Nos.	2	3.00
20.	Conveying System	Nos.	2	3.00
21.	Cooler (Belt Conveyer , Dehumidifier)	Nos.	2	2.00
22.	Granulator	Nos.	2	1.20
23.	Stacker	Nos.	1	1.00
24.	Weighing Machine	Nos.	1	2.00
25.	Mechanical work	Nos	1	2.50
26.	Pipes And Fittings	Lot	1	5.50
27.	Insulation work	Lot	1	4.00
28.	Electrical work	Lot	1	3.00
29.	Instrumentation work	Lot	1	2.00
30.	Safety, Visual Indications	Lot	1	0.50
31.	Glass Lined Reactors	Nos.	2	6.00
32.	Storage Tanks	Nos.	2	4.50
33.	Blending Vessels	Nos.	2	3.30
34.	Plate Heat Exchanger	Nos	1	0.50
35.	Hot Water Tank	Nos.	1	0.50
36.	Cooling Tower	Nos.	1	0.50
37.	Lobe Pumps - Charging Section	Nos.	2	2.00
38.	Lobe Pumps - Packing Section	Nos.	2	2.00
39.	Centrifugal Pumps	Nos.	4	2.00
40.	Filter	Nos.	1	0.20
41.	Packing Room	Nos.	1	2.00
42.	Stackers	Nos.	1	1.50
<b>Total</b>				<b>102.10</b>

The Company does not intend to purchase any second hand plant and machinery for this project. We are yet to place orders for plant and machinery worth Rs. 102.10 mn which is 100% of the total fund required for purchasing the plant and machinery for this project.

## **Contingencies**

In order to take care of price escalation in cost of the project during implementation and to address any unforeseen expenditure with respect to the same, provision of contingency to the extent of Rs. 7.89 mn has been made, which is approximately 6% of project cost. As of July 15, 2010, no contingency amount has been utilised.

## **Schedule of Implementation**

The expected schedule for the project to commence production is given below

Particulars	Start Date	Completion Date
Land Acquisition	Existing land available	
Civil Works	August 2010	January 2011
Plant and Machinery	November 2010	March 2011
Trial run for Production	March 2011	April 2011
Date of Commercial Production	April 2011	

## **5. General Corporate Purposes**

Our Company proposes to utilize part of the Net Proceeds aggregating Rs. [●] mn towards general corporate purposes, including but not limited to upgradation of infrastructure facilities, development of additional facilities, funding cost overruns, various inorganic opportunities and any form of exigencies faced by our Company, repayment of loans other than those identified as part of these objects.

## **6. Issue Expenses**

The expenses for this Issue include, among others, lead management fees, selling and underwriting commission, printing and distribution expenses, legal fees, advertisement expenses, registrar fees, depository charges and listing fees to the Stock Exchanges, among others. The total expenses for this Issue are estimated to be approximately Rs. [●] mn.

All the Issue related expenses shall be met out of the proceeds of the Issue and the break-up of the same is as follows:

Activity	Amount* (Rs. in mn)	As a % of Total Issue Expenses	As a % of Total Issue Size
Issue Management Fees (Lead Management, Underwriting & Selling Commission)	[●]	[●]	[●]
Advertisement & Marketing Expenses	[●]	[●]	[●]
Printing, Stationery & Distribution Expenses	[●]	[●]	[●]
IPO Grading Expenses	[●]	[●]	[●]
Others (including Legal Advisors Fee, Auditors Fee, Registrars Fee, SCSB commission, Regulatory Fees including filing fees paid to SEBI and Stock Exchanges)	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\* will be incorporated after finalisation of the Issue price

## **Interim use of Net Proceeds**

Our Company, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds. The particular composition, timing and schedule of deployment of the Net Proceeds will be determined by our Company based upon the implementation of the Identified Projects. Pending utilization for the purposes described above, our Company intends to temporarily invest the funds from Net Proceeds in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures. We may also apply a part of the Net Proceeds, pending utilization for the purposes described above, towards our working capital requirements. Should we utilize the funds towards our working capital requirements, we undertake that we will ensure consistent and timely availability of the Net Proceeds so temporarily used to meet the fund requirement for the objects of the Issue contained herein.

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**Monitoring Utilization of Funds**

As this is an Offer for less than Rs. 5,000 mn there is no requirement for the appointment of a monitoring agency. Our Board of Directors shall monitor the utilization of the Net Proceeds.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement shall be certified by the statutory auditors of the Company.

Our Company shall be required to inform material deviations in the utilization of Issue Proceeds to the stock exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee public through advertisement in newspapers.

No part of the Issue proceeds will be paid by our Company as consideration to the Promoters, the Directors, Company's key management personnel or companies promoted by the Promoters except in the normal course of our business.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the proposed Issue of Equity Shares through the Book Building Process.

The price band of the Issue is Rs [●] to Rs [●] per Equity Share. The face value of the equity share is Rs 10/- and the price is [●] times the face value at the lower end of the price band and [●] times the face value at the higher end of the price band.

### Qualitative Factors

We believe that following are our primary strengths:

1. We are an established player in surfactants having application in personal care products with more than 60% market share in our product range of personal care performance chemicals in the domestic market.
2. We are certified supplier and preferred vendor for leading companies in the field of personal and home care segment. Our global customers include Beiersdorf, Colgate Palmolive, Ecolab, Henkel, Diversey, L'Oreal, Reckitt Benckiser, Unilever and other global giants in personal and home care segment. Our domestic customers include Ayur, CavinKare, Dabur, Emami, ITC, Marico, Procter & Gamble Home Products Limited to name a few.
3. We have a well-equipped R&D centre at Navi Mumbai to develop new products, technologies and applications for the personal and home care industry. Our R&D efforts also comprise of standardizing new analytical methods and identifying substitutes for certain raw materials.
4. We have comprehensive quality systems across the value chain right from procurement of raw materials till delivery of final products to the customer's location.
5. All our manufacturing sites are strategically located in terms of proximity to customers, access to feedstock and talent.
6. We are a professionally managed company driven by our Board of Directors having experience in the FMCG sector.

For a detailed discussion on the qualitative factors, which form the basis for computing the Issue Price, please refer to the chapter titled "Our Business" on page 108 of the Draft Red Herring Prospectus.

### Quantitative Factors

The information presented in this section is derived from the Restated Financial Statements of our Company prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

#### Basic and Diluted Earnings per share ("EPS")

##### *Based on our Restated Standalone Financial Statements*

Year	Basic and Diluted EPS (Rs.)	Weight
For Fiscal 2008	15.28	1
For Fiscal 2009	15.59	2
For Fiscal 2010	23.55	3
<b>Weighted Average</b>	<b>19.52</b>	

**Based on our Restated Consolidated Financial Statements**

Year	EPS (Rs.)	Weight
For Fiscal 2008	15.35	1
For Fiscal 2009	15.63	2
For Fiscal 2010	22.12	3
<b>Weighted Average</b>	<b>18.83</b>	

Price/Earning Ratio (P/E)\* in relation to Issue Price is [●] x

Particulars	P/E at the lower end of the price band	P/E at the upper end of the price band
Based on EPS of Rs 23.55 for Fiscal 2010 (as per restated standalone financial statements)	[●]	[●]
Based on weighted average EPS of Rs. 19.52 (as per restated standalone financial statements)	[●]	[●]
Based on EPS of Rs 22.12 for Fiscal 2010 (as per restated consolidated financial statements)	[●]	[●]
Based on weighted average EPS of Rs. 18.83 (as per restated consolidated financial statements)	[●]	[●]

\* would be determined on discovery of the Issue Price on conclusion of the Book Building Process.

As there are no listed companies in India that operate exclusively in the same line of business as ours, no comparison with industry peers has been offered.

**Return on Net Worth (RONW)**

**Based on our Restated Standalone Financial Statements**

Year	RONW (%)	Weight
For Fiscal 2008	32.15	1
For Fiscal 2009	25.92	2
For Fiscal 2010	30.24	3
<b>Weighted Average</b>	<b>29.12</b>	

**Based on our Restated Consolidated Financial Statements**

Year	RONW (%)	Weight
For Fiscal 2008	32.28	1
For Fiscal 2009	25.96	2
For Fiscal 2010	28.58	3
<b>Weighted Average</b>	<b>28.32</b>	

- Based on our Restated Standalone Financial Statements minimum return on the increased net worth after the Issue required to maintain pre-Issue EPS of Rs. 23.55 is [●] %
- Based on our Restated Consolidated Financial Statements minimum return on the increased net worth after the Issue required to maintain pre-Issue EPS of Rs. 22.12 is [●] %

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**Net Asset Value (NAV) per share, pre-Issue, post-Issue and comparison with the Issue Price:*****Based on our Restated Standalone Financial Statements***

- a. As at March 31, 2010 : Rs. 86.20
- b. After the Issue : Rs. [●]
- c. Issue price\* : Rs. [●]

***Based on our Restated Consolidated Financial Statements***

- a. As at March 31, 2010 : Rs. 85.07
- b. After the Issue : Rs. [●]
- c. Issue price\* : Rs. [●]

*\* would be determined on conclusion of Book Building Process.*

**Comparison with Industry Peers**

We believe that there are no listed companies in India that operate exclusively in the same line of business as ours. Hence, the details on the comparison of the accounting ratios of our Company with the listed peers have not been given.

The Issue Price of Rs. [●] per equity share has been determined by our Company, in consultation with the BRLMs, on the basis of demand from the investors for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. We believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with the section titled “*Risk Factors*” and chapters titled “*Our Business*” and “*Auditors’ Report*” on pages 13, 108 and 178 respectively, of the Draft Red Herring Prospectus to have a more informed view.



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## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors  
Galaxy Surfactants Limited  
C-49, TTC Industrial Area,  
Pawne, Navi Mumbai.

Dear Sirs,

Subject: Statement of Possible Tax Benefits available to the Company and its shareholders

We hereby report that the enclosed statement as per "Annexure-A" states the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and other Direct Tax Laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the respective statutes. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business needs of the Company or the situations prevalent at the relevant time, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

- (a) the Company or its shareholders will continue to obtain these benefits in future; or
- (b) the conditions prescribed for availing the benefits have been / would be met with.

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

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

For P.D. Kunte & Co. (Regd.)  
Chartered Accountants  
Firm Regn. No. 105479W

D.P. Sapre  
Partner  
Mem. No. 40740

Encl: As above

As per the current provisions of the Income Tax Act, 1961 (IT Act) and the other existing laws for the time being in force, the following direct tax benefits, inter-alia, will be available to the Company and its members, subject to compliance of relevant provisions/conditions stipulated in the respective sections:

**A. Under Income Tax Act, 1961 ('the IT Act'):**

**I. Special tax benefits available to the Company:**

In accordance with, and subject to compliance of conditions laid down in section 10B of the IT Act, the 100% Export Oriented Unit of the Company situated at Plot No. 1, Village Chal, CIDCO, Near MIDC, Talaja, Panvel, Dist. Raigad, PIN – 410208, is entitled to 100% deduction in respect of export profits derived from the business of the said unit from the total income chargeable to tax up to financial year ended on 31st March 2011 (i.e., Assessment Year 2011-12).

**II. General tax benefits available to the Company:**

**1. Dividend exempt under Section 10(34):**

As per Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid by domestic companies as defined under the IT Act) received on the shares of any company is exempt from tax. However, Section 94(7) of IT Act provides that the losses arising on account of sale/transfer of shares purchased up to three months prior to the Record Date and sold within three months after such date will be disallowed to the extent of dividend on such shares are claimed as tax exempt by the shareholder.

**2. Exemption u/s. 10(35) of the IT Act:**

By virtue of Section 10(35) of IT Act, the following income shall be exempt, subject to certain conditions, in the hands of the Company:

- (a) Income received in respect of the unit of a Mutual Fund specified under clause (23D) of section 10; or
- (b) Income received in respect of units from the Administrator of the specified undertaking; or
- (c) Income received in respect of units from the Specified Company;

However, Section 94(7) of IT Act provides that the losses arising on account of sale/transfer of units purchased up to three months prior to the Record Date and sold within nine months after such date will be disallowed to the extent of dividend on such units are claimed as tax exempt by the shareholder.

As per section 94(8) of the IT Act, if an investor, who purchases units within three months prior to the record date for entitlement of bonus, is allotted bonus units without any payment on the basis of holding original units on the Record Date and such person sells / redeems the original units within nine months of the Record Date, then the loss arising from sale/ redemption of the original units shall be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of acquisition of the bonus units.

**3. Depreciation under Section 32:**

Under Section 32 of the IT Act, the Company is entitled to claim depreciation on tangible and intangible assets as explained in the said section. Further, the Company is entitled to depreciation of 20% under clause (1)(iia) of the said section, as additional depreciation on new plant and machinery acquired and installed after March 31, 2005, subject to conditions specified therein.

**4. Preliminary Expenses under Section 35D:**

The Company is eligible for amortisation of preliminary expenses being the expenditure on public issue of shares under Section 35D(2)(c)(iv) of the IT Act, subject to conditions specified in the said section and subject to limits specified in sub section (3).

**5. Exemption of Long Term Capital Gain under Section 54EC:**

Under Section 54 EC of the IT Act, and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under Section 10(38) of the IT Act), arising on the transfer of long

term capital assets except to the extent chargeable u/s. 50 of the IT Act will be exempt from capital gains tax if such capital gains are invested within a period of 6 months from the date of such transfer for a period of at least 3 years in bonds issued by:

- (a) National Highway Authority of India constituted under Section 3 of the National Highway Authority of India Act, 1988; or
- (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

However, if the assessee transfers these bonds or converts into money (includes obtaining loan or advance against security of these bonds) within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which these bonds are transferred or converted.

6. **Exemption of Long Term Capital Gain under section 10(38):**

As per the provisions of Section 10(38) of the IT Act, any income arising from the transfer of a long term capital asset being equity shares in a company or a units of an Equity Oriented Fund (held for more than 12 months) and chargeable to Securities Transaction Tax, is exempt from tax.

However, u/s. 115JB, such long term capital gains, to which provisions of section 10(38) apply, the Company will have to pay Minimum Alternate Tax (MAT) @ 18% (plus surcharge and education cess as may be applicable).

7. **Lower Tax Rate under Section 111A on Short Term Capital Gains:**

Under Section 111A of the IT Act, short term capital gains i.e., gain in respect of equity shares in a company or a units of an Equity Oriented Fund held for a period of less than 12 months, where transfer resulting in capital gain is chargeable to Securities Transaction Tax, shall be taxed at the rate of 15% (plus surcharge and education cess as may be applicable) subject to conditions specified therein.

As per section 70 read with section 74 of the IT Act, short-term capital loss, if any arising during the year can be set-off against short term capital gain as well as against the long-term capital gains and to the extent not set off shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed.

8. **Lower Tax Rate under Section 112 on Long Term Capital Gains on sale of shares of listed companies:**

Under Section 112 of the IT Act, long term capital gains (i.e. shares are held for a period exceeding 12 months and not covered under section 10(38) of the IT Act), arising on transfer of shares by the Company, shall be taxed at the rate of 20% (plus surcharge and education cess as may be applicable) after indexation as provided in section 48. The said section further provides that long term capital gains on sale of listed securities or units or zero coupon bonds shall be taxed @ 20% (plus surcharge and education cess as may be applicable) after indexation or at the rate of 10% (plus surcharge and education cess as may be applicable) without indexation, at the option to the shareholder.

As per section 70 read with section 74 of the IT Act, long-term capital loss, if any, arising during the year can be set-off only against long-term capital gain and to the extent not set off shall be allowed to be carried forward up to eight assessment years immediately succeeding the assessment year for which the loss was first computed for set off against future long term capital gain.

9. **Deduction u/s. 80G in respect of donations:**

The Company is entitled to a deduction under section 80G of the IT Act in respect of amounts contributed as donations to various charitable institutions and funds covered under that section, subject to fulfillment of conditions prescribed therein.

10. **Minimum Alternate Tax (MAT) Credit under Section 115JAA(1A):**

Under Section 115JAA(1A) of the IT Act, credit is allowed in respect of any MAT paid under section 115JB of the IT Act for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the IT Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes up to 7 years succeeding the year in which the MAT credit becomes allowable.

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### III. **General tax benefits available to Resident Shareholders:**

1. **Dividend exempt under Section 10(34):**

As per Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid by domestic companies as defined under the IT Act) received on the shares of any company is exempt from tax. However, Section 94(7) of IT Act provides that the losses arising on account of sale/transfer of shares purchased up to three months prior to the Record Date and sold within three months after such date will be disallowed to the extent of dividend on such shares are claimed as tax exempt by the shareholder.

2. **Exemption of Long Term Capital Gain under section 10(38):**

As per the provisions of Section 10(38) of the IT Act, any income arising from the transfer of a long term capital asset being equity shares in a company or units of an Equity Oriented Fund (held for more than 12 months) and chargeable to Securities Transaction Tax, is exempt from tax.

3. **Exemption of Long Term Capital Gain under Section 54EC:**

Under Section 54 EC of the IT Act, and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under Section 10(38) of the IT Act), arising on the transfer of long term capital assets except to the extent chargeable u/s. 50 of the IT Act will be exempt from capital gains tax if such capital gains are invested within a period of 6 months from the date of such transfer for a period of at least 3 years in bonds issued by:

- (a) National Highway Authority of India constituted under Section 3 of the National Highway Authority of India Act, 1988; or
- (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

However, if the assessee transfers these bonds or converts into money (includes obtaining loan or advance against security of these bonds) within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which these bonds are transferred or converted.

4. **Exemption of Long Term Capital Gain under Section 54F:**

In case of shareholder, being an individual or Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, 1961, the shareholder would be entitled to exemption from long term capital gains on sale of the shares in the Company (in cases not covered by section 10(38)) upon investment of net consideration in purchase/ construction of a residential house within the stipulated time limit.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

5. **Lower Tax Rate under Section 111A on Short Term Capital Gains:**

Under Section 111A of the IT Act, short term capital gains (i.e., gain in respect of shares of the Company held for a period of less than 12 months), arising on transfer of shares by the shareholder, where such transaction of transfer is chargeable to Securities Transaction Tax, shall be taxed at the rate of 15% (plus surcharge and education cess as may be applicable) subject to conditions specified therein.

As per section 70 read with section 74 of the IT Act, short-term capital loss, if any arising during the year can be set-off against short term capital gain as well as against the long-term capital gains and to the extent not set off shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed.

6. **Lower Tax Rate under Section 112 on Long Term Capital Gains on sale of shares of the Company after listing on recognized stock exchange:**

Under Section 112 of the IT Act, long term capital gains (i.e. gain in respect of shares of the Company held for a period exceeding 12 months and not covered under section 10(38) of the IT Act), arising on transfer of shares in the Company by the shareholder, shall be taxed at the rate of 20% (plus surcharge and education cess as may be applicable) after indexation as provided in section 48. The said section further provides that

long term capital gains on sale of listed securities or units or zero coupon bonds shall be taxed @ 20% (plus surcharge and education cess as may be applicable) after indexation or at the rate of 10% (plus surcharge and education cess as may be applicable) without indexation, at the option to the shareholder.

As per section 70 read with section 74 of the IT Act, long-term capital loss [not covered by section 10(38)], if any, arising during the year can be set-off only against long-term capital gain and to the extent not set off shall be allowed to be carried forward up to eight assessment years immediately succeeding the assessment year for which the loss was first computed for set off against future long term capital gain.

**IV. Special tax benefits available to Non-Resident Indians /Non-Resident Shareholders (other than Foreign Institutional Investors):**

**1. Concessional rate of tax on long term capital gains:**

Under section 115E of the IT Act, in case of a Non-Resident Shareholder, if the shares in the Company have been acquired or purchased with, or subscribed to, in convertible foreign currency, the long term capital gains on sale of shares in the Company held for more than a period of 12 months (in case not covered under section 10(38) of the IT Act) shall be charged to tax at the rate of 10% (plus surcharge and education cess as may be applicable) without indexation benefit but with protection against foreign exchange fluctuation.

**2. Exemption u/s. 115F of the Income Tax Act, 1961:**

As per section 115F of the IT Act, in the case of a shareholder, being a Non-Resident Indian, gains [in cases not covered by section 10(38)] arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax / chargeable to tax on proportionate basis, if the entire / part of the net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the IT Act.

Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

**3. Option not to file return of income:**

Under Section 115G of the Income Tax Act, a Non-Resident Indian is not obliged to file his/her return of income under section 139(1) of the Income Tax Act, 1961, if his/her total income consists only of income from investments, being shares in the Company acquired in convertible foreign exchange and/or long term capital gains earned on transfer of such investments and tax has been deducted at source from such income under the provision of Chapter XVII-B of the Income Tax Act, 1961.

**4. Option to choose applicability of provisions of Chapter XIIA:**

Under Section 115H of the Income Tax Act, where a Non-Resident Indian becomes assessable to tax in India, in relation to any previous year, as resident in India in respect of his total income of any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with his Return of Income under Section 139 for the assessment year for which he is so assessable, to the effect that the provisions of Chapter XII-A (comprising sections 115C to 115-I) shall continue to apply to him in relation to the investment income derived from any foreign exchange asset, being asset of the nature referred to in sub clause (ii) to sub clause (v) of the clause (f) of Section 115C of the Income Tax Act, in which case the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

**5. Options available to non residents:**

Under Section 115-I of the IT Act, a Non-Resident Indian (i.e. an individual being a citizen of India or a person of Indian Origin who is not a resident) may elect not to be governed by the provisions of Chapter XII-A (Sections 115-C to 115-I) for any assessment year by declaring in writing in the return. In that case his income for that year shall be computed and tax on such total income shall be charged in accordance with the other provisions of the Income Tax Act.

**6. Tax Treaty Benefits:**

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As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

**V. General tax benefits available to Non-Resident Indians /Non-Resident Shareholders (other than Foreign Institutional Investors):**

1. **Dividend exempt under Section 10(34):**

As per Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid by domestic companies as defined under the IT Act) received on the shares of any company is exempt from tax. However, Section 94(7) of the IT Act provides that the losses arising on account of sale/transfer of shares purchased up to three months prior to the Record Date and sold within three months after such date will be disallowed to the extent of dividend on such shares are claimed as tax exempt by the shareholder.

2. **Exemption of Long Term Capital Gain under section 10(38):**

As per the provisions of Section 10(38) of the IT Act, any income arising from the transfer of a long term capital asset being an equity share in a Company or a Unit of an Equity Oriented Fund (held for more than 12 months) and chargeable to Securities Transaction Tax, is exempt from tax.

3. **Exemption of Long Term Capital Gain under Section 54EC:**

Under Section 54 EC of the IT Act, and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under Section 10(38) of the IT Act), arising on the transfer of long term capital assets except to the extent chargeable u/s. 50 of the IT Act will be exempt from capital gains tax if such capital gains are invested within a period of 6 months from the date of such transfer for a period of at least 3 years in bonds issued by:

- (a) National Highway Authority of India constituted under Section 3 of the National Highway Authority of India Act, 1988; or
- (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

However, if the assessee transfers these bonds or converts into money (includes obtaining loan or advance against security of these bonds) within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which these bonds are transferred or converted.

4. **Exemption of Long Term Capital Gain under Section 54F:**

In case of shareholder, being an individual or Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, 1961, the shareholder would be entitled to exemption from long term capital gains on sale of the shares in the Company (in cases not covered by section 10(38)) upon investment of net consideration in purchase/ construction of a residential house within the stipulated time limit.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

5. **Lower Tax Rate under Section 111A on Short Term Capital Gains:**

Under Section 111A of the IT Act, short term capital gains (i.e., gain in respect of shares of the Company held for a period of less than 12 months), arising on transfer of shares by the shareholder, where such transaction of transfer is chargeable to Securities Transaction Tax, shall be taxed at the rate of 15% (plus surcharge and education cess as may be applicable) subject to conditions specified therein.

As per section 70 read with section 74 of the IT Act, short-term capital loss, if any arising during the year can be set-off against short term capital gain as well as against the long-term capital gains and to the extent not set off shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed.

6. **Special mode of computation of capital gains:**

Under the provisions of Section 48 of the Income Tax Act, 1961, capital gains arising to a Non-Resident from the transfer of Capital Asset being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in terms of such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares of the Company. Cost indexation benefit will however not be available. Further, as per section 112, taxable capital gains in respect of sale of shares in respect of which securities transaction tax has not been paid will be charged to tax @ 20% (plus surcharge and education cess as may be applicable).

As per section 70 read with section 74 of the IT Act, long-term capital loss [not covered by section 10(38)], if any, arising during the year can be set-off only against long-term capital gain and to the extent not set off shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed for set off against future long term capital gain.

#### **VI. Special tax benefits available to Foreign Institutional Investors (FIIs):**

1. As per section 115AD of the IT Act, FIIs are liable to tax on capital gains (not exempt under the provision of section 10(38) of the IT Act), at the following rates:
  - (a) Long term capital gains at 10% (plus surcharge and education cess as may be applicable)
  - (b) Short term capital gains referred in section 111A at 15% (plus surcharge and education cess as may be applicable).
  - (c) Short term capital gains (other than referred to in section 111A) at 30% (plus surcharge and education cess as may be applicable)
2. No deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.
3. In case of long term capital gains, (not covered under section 10(38) of the IT Act), the tax is levied on the capital gains computed without considering the cost indexation benefit and without considering foreign exchange fluctuation.

#### **VII. General tax benefits available to Foreign Institutional Investors (FIIs):**

1. **Dividend exempt under Section 10(34):**

As per Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid by domestic companies as defined under the IT Act) received on the shares of any company is exempt from tax. However, Section 94(7) of the IT Act provides that the losses arising on account of sale/transfer of shares purchased up to three months prior to the Record Date and sold within three months after such date will be disallowed to the extent of dividend on such shares are claimed as tax exempt by the shareholder.
2. **Exemption of Long Term Capital Gain under section 10(38):**

As per the provisions of Section 10(38) of the IT Act, any income arising from the transfer of a long term capital asset being an equity share in a Company or a Unit of an Equity Oriented Fund (held for more than 12 months) and chargeable to Securities Transaction Tax, is exempt from tax.
3. **Exemption of Long Term Capital Gain under Section 54EC:**

Under Section 54 EC of the IT Act, and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under Section 10(38) of the IT Act), arising on the transfer of long term capital assets except to the extent chargeable u/s. 50 of the IT Act will be exempt from capital gains tax if such capital gains are invested within a period of 6 months from the date of such transfer for a period of at least 3 years in bonds issued by:

  - (a) National Highway Authority of India constituted under Section 3 of the National Highway Authority of India Act, 1988; or
  - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.



However, if the assessee transfers these bonds or converts into money (includes obtaining loan or advance against security of these bonds) within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which these bonds are transferred or converted.

4. **Tax Treaty Benefits:**

As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

**B. Benefits available under the Wealth Tax Act, 1957**

The member of the Company will not be liable to pay any Wealth Tax in respect of shares held by them since the same are not covered under the definition of assets under section 2(ea) of the Wealth Tax Act, 1957.

**C. Benefits available under the Gift Tax Act, 1958**

With effect from 1st October 1998 no gift tax is levied on gift of shares of the Company.

**Notes:**

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2010.
2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
3. In respect of Non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Agreements, if any, between India and the country in which the Non Resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his / her investment in the shares of the Company.
5. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
6. Above tax benefits do not include the provisions of The Direct Taxes Code Bill, 2009 ("DTC"), draft of which was recently released for public scrutiny and comments.

For P.D. Kunte & Co. (Regd.)  
Chartered Accountants  
Firm Regn. No: 105479W

Place: Mumbai  
Date : 24<sup>th</sup> July 2010

(D.P. Sapre)  
Partner  
Mem. No. 40740

## SECTION IV - ABOUT OUR COMPANY

### OUR INDUSTRY

#### Industry Overview

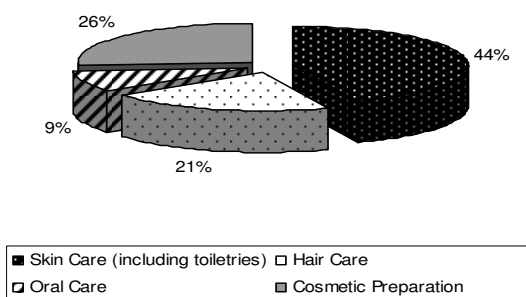
The information in this chapter has been extracted from publicly available documents prepared by various sources, including Acmite Market Intelligence Report, 2008, Kline & Company Presentation 2008, Kline & Company Presentation 2009, [www.reportbuyer.com](http://www.reportbuyer.com), [www.americanpalmoil.com](http://www.americanpalmoil.com), [www.tsmg.com](http://www.tsmg.com), [www.researchandmarkets.com](http://www.researchandmarkets.com), [www.personalcaremagazine.com](http://www.personalcaremagazine.com), [www.wikipedia.org](http://www.wikipedia.org), etc. This data has not been prepared or independently verified by us or the BRLMs or any of their or our respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" on page 13 of the Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information.

#### About Ingredients for Personal Care Products

Personal Care Ingredients (PCIs) are used in the formulation of personal care products which are broadly classified into hair care, skin care, colour cosmetics, oral care, toiletries, cosmetics and fragrances. (Source: [www.reportbuyer.com](http://www.reportbuyer.com)). The PCIs include surfactants (including emulsifiers), emollients, humectants, rheological additives and other specialty chemicals such as active ingredients, UV absorbers, conditioning polymers, hair fixatives, antimicrobials and fragrance. The PCIs form the functional core of the personal care products. (Source: Kline & Company Presentation, 2008 and [www.americanpalmoil.com](http://www.americanpalmoil.com)).

The estimated size of the global PCI industry was USD 8 – 10 billion per annum growing at about 5-6% per annum. Out of the total ingredients consumed in personal care industry, 44% of the consumption is in skin care (including toiletries), 21% in hair care, 9% in oral care and 26% in other cosmetic preparation on volume basis. (Source: Kline & Company Presentation, 2009)

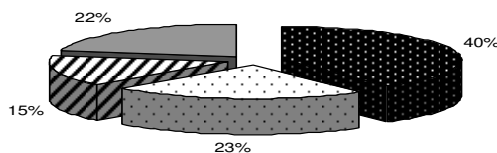
Break-up of Global PCI market by application



Surfactants, one of the widely used ingredients in personal care and home care products, have application in other industries such as textiles, construction and others. However, characteristics of surfactants used in personal care and home care products have a significant overlap. The surfactants serve as cleaning agents in home care products. The size of markets for surfactants having application in personal care and household cleaning products are USD 3.88 bn per annum and USD 8.87 bn per annum respectively.

Amongst household cleaning products, laundry detergents which include laundry powder and laundry liquid, are the largest market segment, followed by dishwashing detergents. Laundry detergents account for around 40% of the total household cleaning agents market, dishwashing detergents account for roughly 23%. Soaps, a category which is losing its historical importance particularly in the developed markets, contribute to around 15%. The remaining share of 22% is contributed by all purpose detergents and specific cleaning agents. (Acmite Market Intelligence Report, 2008)

Break-up of Homecare market by application



■ Laundry Detergents □ Dishwashing Detergents ■ Soaps ■ Others

Based on the above, the combined market size of PCI industry (USD 8 – 10 billion per annum) and surfactants having application in household cleaning products (USD 8.87 billion per annum) was USD 17 - 19 billion per annum in 2007.

The broad details of the main PCIs are as below:

#### Surfactants and Emulsifiers:

- Surfactants reduce the surface tension of water by adsorbing at the liquid-gas interface and reduce the interfacial tension between two liquids by adsorbing at the liquid-liquid interface. Surfactants and surface activity are controlling features in many important systems, including emulsification, detergency, foaming, wetting, lubrication, water repellence, waterproofing, spreading and dispersion, and colloid stability.
- As PCIs, surfactants find applications in toiletries (body wash, soaps, liquid soaps), in hair care (shampoos, conditioners) and in oral care formulations (tooth pastes, mouth washes). The surfactants, as cleaning agents, are also used in home care cleaning products.
- Surfactants include Fatty Alcohol Sulphates, Fatty Alcohol Ether Sulphates, quaternary ammonium compounds, ethoxylates, monoacylglycerols, polyglycerol esters, sucrose esters etc. A detailed explanation on various types of surfactants and their applications is provided in the paragraph titled “*Note on Surfactants used in Personal Care and Household Cleaning Products*” in this chapter.

#### Emollients

- Emollients are substances that soften and soothe the skin. They are used to correct dryness and scaling of the skin. It has application in facial creams, facial cleansers, wipes, sun care products, body lotions, etc.
- These include squalane, stearic acid, silicones, lanolin and lanolin derivatives, natural oils, linolic acid, isostearic acid, cetyl alcohol, stearyl alcohol, cetearyl alcohol, oleyl alcohol, isopropyl palmitate, isopropyl myristate, octyl stearate, octyl palmitate, butyl stearate, isopropyl laurate, medium chain triglycerides, etc.

#### Humectants

- These are hygroscopic substances. Since hygroscopic substances absorb water from the air, they are frequently used in desiccation.
- Humectants are found in many cosmetic products where moisturization is desired, including treatment such as moisturizing hair conditioners and also commonly used in body lotions.

#### Rheological Additives

- These are added in small quantities (1%) to modify the rheology (flow properties) of the products which must, for consumer preference, be of an acceptable consistency.
- Cocomonoethanolamide is an example of rheology modifier. It has application in creams, lotions used in skin care products.

### Other Specialty Chemicals

- The specialty chemicals provide functionality to personal care formulations such as moisturization of skin, anti ageing (skin rejuvenation), etc. These include UV filters, fragrance compounds and polymer compounds as active ingredients.
- These specialty chemicals provide functionality or performance characteristics such as thickening, conditioning and imparting smoothness.
- Producers of specialty surfactants focus on the development of surfactants from the perspective of function and market value. Specialty surfactants are often sold based on performance-in-use characteristics. The emphasis is not on the chemical structure of the products, but on how they serve end user markets.

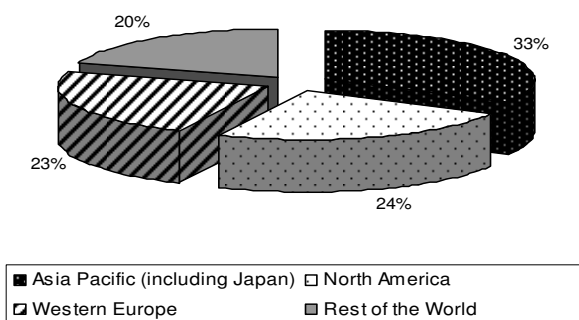
### Size of the Application Industry – Personal Care Products (PCP) and Household Cleaning Products

#### Personal Care Products:

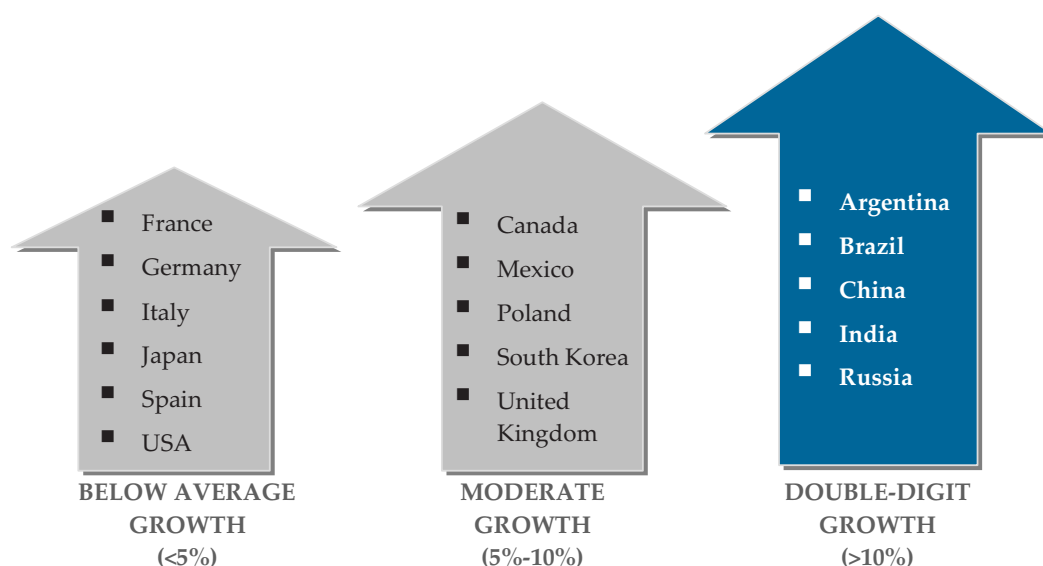
PCIs have applications in personal care products covering hair care, skin care, oral care, cosmetics & toiletry and include body wash, hand wash, shampoos, lotions, creams, etc. This industry is growing and is to a large extent not cyclical. Global market size of Personal Care industry was valued at USD 145 billion in 2007 is expected to reach USD 218 billion by 2015 at CAGR of 5%.

Geographically, Asia Pacific region (including Japan) is the largest market for personal care products accounting for 33% of the global market. The North America and Western Europe still remain the strong market of personal care products, accounting for 24% and 23% of the global demand, respectively. Rest of the world combined makes up nearly 20% of the global personal care market. (Source: Acmite Market Intelligence Report, 2008)

**Break-up of Global PCP market by Geography**



### PCP Market Growths in various countries (Kline & Company Presentation 2008)

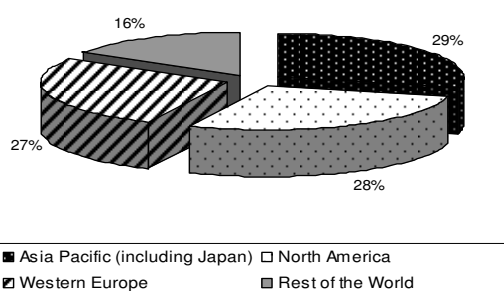


### Household Cleaning Products

Household Cleaning Products include various products like detergents and soaps, detergent additives, dishwashing products and other household cleaners. The total market of household cleaning agents was valued at USD 35 billion in 2007 and is estimated to exceed USD 43 billion by 2015.

Geographically Asia Pacific (including Japan) which accounts for 29% of the total demand is the largest and fastest growing market for household cleaning agents followed by North America accounting for 28% of the global demand and Western Europe accounting for 27%. (Source: Acmite Market Intelligence Report, 2008)

Break-up of Global Homecare Cleaning market by Geography



### Industry Characteristics - Personal Care Products and Ingredients

- With increased awareness amongst consumers, there is a clear focus on functional ingredients that are mild and safe. There is a growing inclination towards ingredients with a good sensory feel and which offer a healthy look.
- The market demand on personal care products is driven by increasing outdoor activity, changing lifestyle, skin health awareness and an ageing population.
- Consumers in the developing countries with increasing disposable income are willing to spend a large portion of their money on personal care products.

- Innovations and improved formulations happening continuously in this sector. Every introduction of new version accompanies with prices rise.
- Market trend led by big companies, which strengthen their market position through product innovation and creation of new trends requiring heavy investments in R&D,
- Small to medium-sized companies are followers of market trends. Lacking ability of R&D and marketing, they are normally suppliers with generic formulations.
- Antiaging skincare products are of particular interest as consumers at age between 30 and 50 possess the strongest purchasing power.
- Skincare products for men are gaining market share rapidly. Huge potential to be explored.
- Increasing demand on excellent dermatological compatibility of body-wash products, shampoo, make-ups and other toiletry.
- The industry is also witnessing global standardization of regulations and product safety as manufacturers in countries outside Europe strive towards REACH standards. The end result is greater safety to the consumer

#### **Industry Characteristics - Household Cleaning Products and ingredients:**

- Mature market in the developed regions, with limited volume growth potential.
- High market potential in the developing regions. Regions with increasing income already have the purchasing power for modern cleaning products. Specific cleaning products for glass, floor, etc. will see fast growth.
- There is huge unmet demand in some developing regions, whereas the people there still lack the purchasing power.
- High-performance and specific products, experience better market prospects as compared to conventional products, in the developed countries.
- Laundry liquids are replacing laundry powder in the developed regions. In the developing regions, the market is solely supplied with laundry powder.
- Increasing demand on detergents allowing lower water temperature, as energy saving is nowadays an established theme in household.
- Demand on innovative yet cost-effective products. Consumers are looking for novel products but not at higher prices.
- Increasing demand on environmentally friendly products driven by public consciousness of environment protection.
- The home care industry will see a further shift to concentrates, thus reducing the amount of packaging and the use of raw materials. This fits in nicely with the low chemical environmentally safe ideology that is being preached globally.

#### **Indian PCI Market**

The size of Indian PCI market is estimated at USD 300 – 350 mn per annum and is expected to double during the next four years. The industry growth expectation is based on the sizable Indian population coupled with rising disposable income that offers the personal care industry a burgeoning middle class to market a large variety of consumer products.

Driven by increase in consumer preference for products with better functional benefits, the personal care ingredients market is expected to surpass the growth of the personal care products market which is estimated to grow at 15%-16% p.a. (Source: [www.tsmg.com](http://www.tsmg.com))

While there is still a demand for low or medium-priced products, the rising disposable income of India's middle-class consumers has provided opportunities for companies to market products at high price points. These consumers are demanding better quality and higher performance products.

The acceptance and sophistication of new formulations is increasing. Previously, the domestic industry was lagging behind in development of new formulations compared to western markets. However, persistent media influence and training of the general public has led consumers to quickly accept new ideas and trends. This applies not only to the personal care industry but the home care segment as well.

#### Emerging industry trends in domestic market:

- Demand growth driven by several social factors such as increasing urbanization, rising participation of women in urban work force, growing importance of looks and personal grooming not only for personal but professional reasons, spread of organized retail to Tier II cities and development of non traditional segments like men's cosmetics.
- The raised standard of living in India due to the increased globalization has resulted in the growth of the premium segment, which is in its early stages. A well-aware consumer segment that is showing a willingness to pay for the best brands and quality is driving market growth.
- Participants in the unorganized segment are likely to face intense competition from the organized segment that is striving to establish a secure market share. This process will be catalyzed by the reduction in import duties and the increasing product differentiation.
- There is ongoing need for new ingredients with increased functional benefits and multi-application profiles. The industry players are now proactive with rising level of investment in research and development towards product innovations.

#### Key success factors:

- Developing new and easy-to-use ingredient formulations.
- Providing technical support in terms of the formulation and marketing of products containing these ingredients.
- Investing in technology to obtain optimum formulation stability in end use products.
- Offering products that are competitive in terms of feasibility in the manufacturing process
- Arranging raw material in a consistent manner through efficient supply chain management.

#### Note on Surfactants used in Personal Care and Home Care Products

Surfactants are made from oleochemical (natural vegetable oil) and/or petrochemical (synthetic) raw materials. All surfactants have the same basic chemical structure - a hydrophilic (water-loving) "head" and a hydrophobic (oil-loving) "tail" which is always a long (linear) chain of carbon atoms. Surfactants reduce the surface tension of water by adsorbing at the liquid-gas interface and reduce the interfacial tension between two liquids by adsorbing at the liquid-liquid interface.

Surfactants are used as performance additives in formulations in a large number of industries, such as personal and home care, metal treatment, industrial cleaning, petroleum exploration, agrochemicals, textile processing, food industry, paints, coatings, etc. The variants of surfactants addressing personal care and home care applications account for about 55% of the total surfactant consumption by value in global market. (Source: Acmite Market Intelligence Report 2008). This translated into surfactant consumption of USD 3.88 billion and USD 8.87 billion in personal and home care products respectively in 2007.

**Global Sufactant Demand for Personal Care**  
in USD billion

Surfactant Type	2007	2015	CAGR
Anionics	0.39	0.48	2.63%
Nonionics	1.45	1.96	3.84%
Cationics	0.78	1.28	6.39%
Amphoterics	0.8	1.34	6.66%
Others	0.45	0.67	5.10%
<b>Total</b>	<b>3.88</b>	<b>5.73</b>	<b>4.99%</b>

Source: Acmite Market Intelligence Report, 2008

**Global Sufactant Demand for Personal Care by Geography**  
in USD billion

Geography / Market	2007	2015	CAGR
W. Europe	0.86	1.17	3.92%
N. America	1.05	1.45	4.12%
Japan	0.26	0.35	3.79%
Asia Pacific	0.96	1.6	6.59%
ROW	0.74	1.16	5.78%
<b>Total</b>	<b>3.88</b>	<b>5.73</b>	<b>4.99%</b>

Source: Acmite Market Intelligence Report, 2008



**Global Sufactant Demand for Homecare**  
in USD billion

Surfactant Type	2007	2015	CAGR
Anionics	4.51	5.39	2.25%
Nonionics	2.58	3.05	2.11%
Cationics	0.53	0.66	2.78%
Amphoterics	0.25	0.37	5.02%
Others	1.01	1.17	1.86%
<b>Total</b>	<b>8.87</b>	<b>10.65</b>	<b>2.31%</b>

Source: Acmite Market Intelligence Report, 2008

**Global Sufactant Demand for Homecare by Geography**  
in USD billion

Geography / Market	2007	2015	CAGR
W. Europe	2.26	2.53	1.42%
N. America	2.52	2.79	1.28%
Japan	0.7	0.77	1.20%
Asia Pacific	1.85	2.57	4.19%
ROW	1.54	1.99	3.26%
<b>Total</b>	<b>8.87</b>	<b>10.65</b>	<b>2.31%</b>

Source: Acmite Market Intelligence Report, 2008

Note: CAGR has been derived from the figures extracted from Acmite Market Intelligence Report 2008

The data captured in the above table indicates that Asia Pacific market, based on demand in India and China, is registering higher growth.

Surfactants are vital ingredients for soaps, shampoos, cleaners, creams, lotions, liquid soaps amongst others. . Surfactants play a major role as cleansing agents in hair care, skin care and oral care and also as delivery systems for skin care and decorative cosmetic products. In the global personal care market, surfactants are mainly used in ‘rinse-off’ applications and they tend to be defined as specialty surfactants used in shampoos, conditioners, and body washes.

- **Hair-care** - The two major developments in surfactants for hair care are – usage of surfactants as conditioning agents and shift towards mild surfactants. Conditioning shampoos usually incorporate a cationic polymer which is substantive to hair. This feature has led to the proliferation of 2-in-1 shampoos which combine cleaning with hair conditioning. The other major trend is the shift from harsher surfactants to milder, less irritant surfactants for rinse-off hair care products such as shampoos. This trend has gained popularity globally with continuous search for safe and mild surfactants.
- **Skin-care** - Surfactants used in skin care may be categorized as “rinse-off” and “leave-on” products. Conventional surfactants in rinse-off categories provide effective cleansing. These are used in products like shower gels, face wash or body wash. In the leave-on category, there are many opportunities for innovative surfactants and emulsifying agents. Functional ingredients such as conditioning polymers, moisturizers etc. by combining with surfactants provide the desired benefits.
  - **Lotions** - There are usually oil-in-water (O/W) emulsions that are formulated in lotions to give a shear thinning system. The emulsion will have a high viscosity. Polymeric surfactants as emulsifiers and dispersants are desirable since these high molecular weight substances cannot penetrate into the skin and hence they cause no damage on application.
  - **Face and Hand creams** - These are formulated as O/W or W/O emulsions with special surfactant systems and/or thickness to give a viscosity profile similar to that of lotions.
  - **Cosmetics** - Surfactants are almost as ubiquitous as preservatives in cosmetic products. They are the emulsifiers, solubilisers, wetting and cleaning agents, foam producers, conditioning aids and are found in every product category from make-up to skin care.
- **Oral-care** - Oral care market is dominated by tooth paste which accounts for almost 60% of the global oral hygiene business. (Source: [www.researchandmarkets.com](http://www.researchandmarkets.com)) Surfactants are used in the manufacture of tooth paste and tooth powders. These surfactants are essentially used as foaming and cleansing agents.

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## OUR BUSINESS

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Draft Red Herring Prospectus, including the information contained in the section titled “Risk Factors” on page 13 of the Draft Red Herring Prospectus. In this chapter, unless the context requires otherwise, any reference to the terms “We”, “Us” and “Our” refers to Our Company. Unless stated otherwise, the financial data in this section is as per our consolidated financial statements prepared in accordance with Indian Accounting Policies set forth in the Draft Red Herring Prospectus.*

### Overview

We are one of the leading manufacturers and marketers of surfactants and specialty chemicals in India for the Personal and Home Care (“PHC”) industry. We produce a range of vital cosmetic ingredients including active ingredients, UV protection and functional products. Our products cater to some of the largest global brands in the FMCG sector and find applications in skin care, hair care, oral care, body wash, sun care, household cleaners and fabric care segments.

From a modest beginning in 1980 with two products by our Promoters, we have today transformed our business into a value based, technology driven, environment conscious and customer oriented organization with a portfolio of 66 products and with sales spread over 70 countries. We are certified supplier and preferred vendor for leading companies in the field of personal and home care. Few of our global customers are Beiersdorf, Colgate Palmolive, Ecolab, Henkel, Diversey, L’Oreal, Reckitt Benckiser and Unilever. Our domestic customers include Ayur, CavinKare, Dabur, Emami, ITC, Marico, Procter & Gamble Home Products Limited to name a few. Our growth has been aided by our approach of strategic partnership with our customers. Customer intimacy, innovation and competitiveness form our value triangle.

Our registered and corporate office is located at TTC Industrial Area, Pawne, Navi Mumbai. We have regional offices in New Delhi, Thailand and USA. We presently have three manufacturing units at Tarapur, two manufacturing units at Taloja, Maharashtra and one manufacturing unit in USA. Both the units at Taloja are continuous process plants and one of the units is a 100% Export Oriented Unit (EOU). The manufacturing facility in USA is owned by our 100% step-down subsidiary Maybrook Inc. All our existing manufacturing units in India are certified for ISO 9001:2008 Quality Management Systems by Bureau Veritas Certification (India) Private Limited and have also obtained TPM awards from Japan Institute of Plant Maintenance. Further, we are in the process of setting up manufacturing units at Jhagadia, Gujarat which will be operational by May 2011 and at Suez, Egypt through our 100% step down subsidiary GC Egypt which will be operational by August 2011.

R&D programmes is key to successful innovation in our business. Our R&D Centre is recognized by the Department of Science and Technology, Government of India. Our R&D efforts are driven by our ‘Consumer-to-Chemistry’ strategy. This involves understanding the changing consumer trends and tuning our R&D efforts in line with our customer’s product development initiatives. We have a well-equipped R&D centre at Navi Mumbai to develop new products, technologies and applications for the personal and home care industry. Our R&D efforts also comprise of standardizing new analytical methods and identifying substitutes for certain raw materials. We have to our credit 18 patents in India and 10 patents in USA. In addition, we have applied for 12 patents in India and 1 patent in Europe.

Our Total Income and Profit after Tax (PAT) as per the restated standalone financial statements for Fiscal 2010 are Rs. 5941.80 mn and Rs. 403.42 mn respectively.

### **Our Competitive Strengths:**

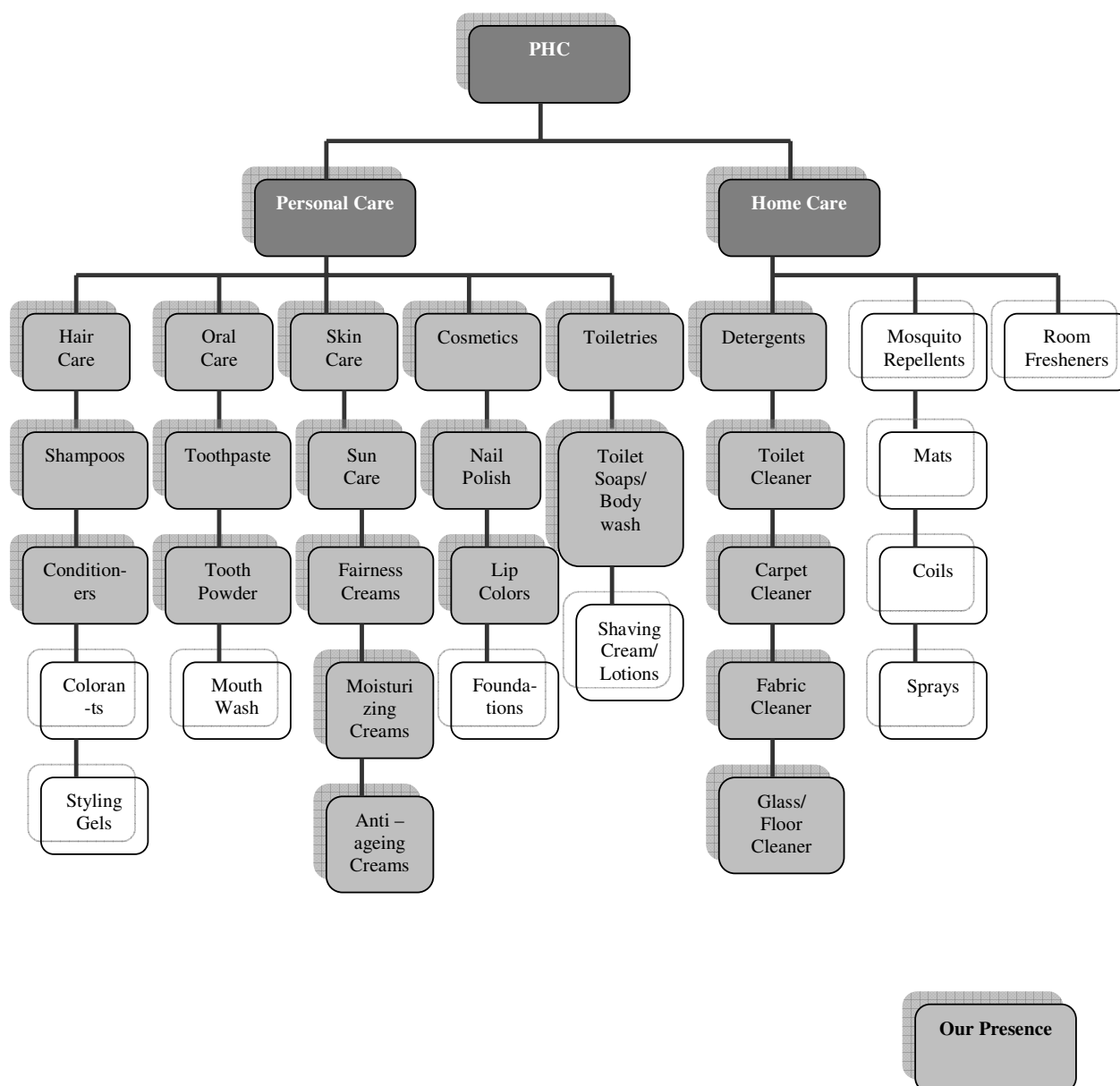
#### **Global brands as our customers**

We are global supplier to leading companies in the field of personal and home care segment. Our global customers include Beiersdorf, Colgate Palmolive, Ecolab, Henkel, Diversey, L’Oreal, Reckitt Benckiser, Unilever and other global giants in personal and home care segment.

We emphasize on providing innovative solutions to our customers and nurture relationships to drive our business growth. We partner with our customers and address the constantly changing consumer needs and trends. We have been able to retain our customers and have grown along with them. For instance, we started as a domestic supplier to Unilever and Colgate for select products and currently we supply them range of products across geographies. We have a continuing relationship with Unilever and Colgate over the last two decades.

### **Wider Range of Product Offering in PHC Ingredients**

We have a wide range of offering with 66 products covering applications in hair care, oral care, skin care, toiletries and home care detergents. This product range is effectively leveraged to address the requirements of customers in a comprehensive manner.



### **Strong Management Team:**

We are a professionally managed organization driven by qualified and experienced Board of Directors. Our Promoter Directors have excellent professional and academic qualifications and have been associated with our Company since its inception. Our Non-Executive directors have held senior management positions in leading global organizations in FMCG and other allied industries with strong domestic and international business experience.

Our key managerial personnel are well qualified with significant relevant industry experience and most of them have been associated with our Company for over ten (10) years.

International experience of our directors and senior management team drives our overseas business strategy and helps in leveraging various business opportunities across the globe.

**Strong presence in India – A growth market**

The GDP growth registered by the Indian economy is the second highest in the world. The Indian personal care market is growing at more than 10% CAGR over the last three (3) years and the growth in the personal care ingredient market is in line with it. We believe that the GDP growth coupled with increase in per capita income is driving consumption of personal care products in India.

We are an established player in surfactants having application in personal care products with more than 60% market share in our product range of personal care performance chemicals (*Source: Euromonitor International*). Our customers include Ayur, CavinKare, Colgate Palmolive, Dabur, Emami, Hindustan Unilever, Henkel, ITC, L'Oreal, Marico, Procter & Gamble Home Products Limited to name a few. We have the largest continuous process plant in India for manufacturing surfactants used in personal care application. Hence, we believe that we are well positioned to leverage the growth opportunity offered by the Indian market and also meet the expansion requirement of our leading customers.

**In-house competence for setting up plants**

Our EOU at Taloja was set-up by our in-house project team in Fiscal 2004. All the subsequent de-bottlenecking of the facilities was done in-house within the stipulated time and earmarked budget. The upcoming facilities in Jhagadia, Gujarat and Suez, Egypt are also being implemented by our own project team. The in-house expertise developed with respect to setting-up of plants enables us to execute the projects in a cost efficient and timely manner.

**Strong R&D capabilities to drive Innovation:**

We are a research driven organization and believe in constant innovation through continuous interaction with our customers and the end-consumers. We have a well-equipped R&D Centre at Navi Mumbai to develop new products, technologies and applications for the personal and home care industry. Our R&D efforts also comprise of identifying substitutes for certain raw materials and standardizing new analytical methods. As of March 31, 2010, a competent team of 24 scientists including doctorates and engineers make our strong R&D team focussing on new products development and improving the application characteristics of our existing products and improving the process yield. We have to our credit 18 patents in India and 10 patents in US. In addition, we have applied for 12 patents in India and 1 in Europe. Our R&D Centre is recognised by the Department of Science and Technology. We have installed state of the art pilot plant facilities which facilitate trial runs of the new production processes and/or new products prior to commercial production.

Our R&D capabilities help our customers to innovate and manufacture products in line with the end consumers' emerging trends of preferences.

**Quality Management Systems:**

We have comprehensive quality management systems across the value chain right from procurement of raw materials till delivery of final products to the customer's location. All our existing units in India are certified for ISO 9001:2008 Quality Management Systems by Bureau Veritas Certification (India) Private Limited and have also obtained TPM awards from Japan Institute of Plant Maintenance. We believe that strict adherence to core quality management principles has enabled us to serve as global supplier to some of the leading Personal and Home Care companies. We are also a recipient of IMC Ramakrishna Bajaj National Quality Award in manufacturing category in 2008.

**Locational Advantage**

All our manufacturing units are strategically located in terms of proximity to customers and access to key raw materials. Our existing facilities at Tarapur and Taloja have an easy access to Jawaharlal Nehru Port Trust (JNPT), Navi Mumbai.

During Fiscal 2010 we acquired TRI-K in USA, which in addition to increasing our product portfolio, also expands our reach to American markets to help us in tapping new business opportunities.

We are at present setting up manufacturing facilities at Jhagadia, Gujarat and Suez, Egypt. Jhagadia is in close proximity to the source of Ethylene Oxide which is an important raw material.

We believe, that our upcoming facility in Suez, Egypt located in a Public Free Zone will enhance our presence in markets such as Europe, Middle East, Africa and East Coast of North America.

### **Our Business Strategy:**

Our vision is to be a partner of choice and a global leader of surfactants and specialty chemicals by delivering superior product solutions to the PHC industry.

We continue to pursue the following four major elements of our growth strategy:

- Greater spread and reach in the global markets
- Setting up manufacturing facilities at strategic locations to expand globally
- Greater thrust on higher margin Specialty Chemicals
- Defend our leadership position in the domestic market

### **Greater spread and reach in the global market**

In Fiscal 2010, our international business accounted for 57.7% of the restated consolidated sales which represented less than 1% of global personal care ingredients market. This indicates tremendous growth opportunity which could be addressed with enhanced focus on the global market.

We are leveraging our domestic relationships with global customers such as Unilever and Colgate to address their sourcing requirements in other geographies. At present, we export to over 70 countries. We intend to spread our reach to more countries and also penetrate deeper into the existing markets where we are present. We will pursue both organic and inorganic growth opportunities to achieve this objective.

We acquired TRI-K and its 100% subsidiary Maybrook Inc. in July 2009 through our step down subsidiary, Rainbow Holdings GmbH. TRI-K and Maybrook Inc. are US based companies operating out of New Jersey and New Hampshire respectively. They are in the business of specialty chemicals catering to Personal Care Industry. TRI-K is a reputed supplier in the US with focus on Skin and Hair Care since 1974. In addition to selling products under the TRI-K brand, it also has distribution business primarily focusing North America. Maybrook Inc. has its manufacturing facility at New Hampshire, where it makes proteins, protein condensates & quats for Personal Care. With this acquisition, we now have an extended presence in USA with additional technological capabilities in protein & protein derivatives, sunscreen formulations & botanicals to target higher end of the industry segment.

### **Setting up manufacturing facilities at strategic locations**

Expansion of our manufacturing capacities is a continuous process to support our growth. We are setting up manufacturing units in Jhagadia, Gujarat and Suez, Egypt. The installed capacity in Jhagadia will be 77000 MTPA which will be operational by May 2011, whereas in Phase I of Suez, the installed capacity will be 50000 MTPA which will be operational by August 2011. In Phase II of Suez, additional installed capacity will be 40000 MTPA which will be operational by August 2012. We will look for more geographic locations suitable for catering to different markets and product ranges.

As we are a supplier of key personal care and home care ingredients in growing markets of Africa, Middle East and Turkey (AMET), our upcoming unit at Suez, Egypt will enable us to serve the AMET region efficiently and drive our growth in the region. Further, proximity to Europe and East Coast of North America of this facility, will enable us to tap new markets that are difficult to be catered from India. This will also allow us to manage our supply chain effectively, both in terms of time and cost.

The upcoming domestic facility at Jhagadia, Gujarat will ensure logistical efficiencies due to its proximity to key raw material supplies and to the port.

### **Thrust on Specialty Chemicals**

Specialty Chemicals are higher margin products which require multi stage processing and unique technical competencies. These products are characterized by their functionality like mildness, sun protection, emolliency, substantivity, etc. to the end products. Innovation in product and application development will be the key to success in this category. We have set up an Application Laboratory exclusively to analyze benefits and build the required functionality in the products. Our current portfolio of specialty chemicals comprises of sunscreen actives, mild surfactants, formulated mixtures, conditioners, cosmetic preservatives, syndet and transparent bar soap base, etc.

### **Defending leadership position in the domestic market**

We are a leading player in personal care and home care ingredients market in India. We have been supplying to most of the global personal care companies operating in India and to other domestic customers such as Ayur, CavinKare, Dabur, Emami, ITC, Marico, Procter & Gamble Home Products Limited and have strengthened our relationship with product innovation and customized application development.

The market growth opportunity has resulted in emergence of regional and local players with whom we are partnering as value added service provider. We offer value added services with respect to technical specifications, blends and formulations.

We believe that our solution centric approach in nurturing customer relationships will help us defend and maintain our position in the domestic market.

### **Capacity:**

Following table depicts the actual capacity utilization of our Company for the past three financial years and the projected capacity utilization for next three financial years:

Product	Capacity (MTPA)	Fiscal 08 (A)	Fiscal 09 (A)	Fiscal 10 (A)	Fiscal 11 (E)	Fiscal 12 (E)	Fiscal 13 (E)
<b>OSAA</b>	Installed capacity	97,000	112,500	140,000	138,240*	268,240	293,240
	<b>Available Capacity</b>	91,983	106,458	118,958	138,240	248,323	289,573
	Production	71,958	84,093	103,101	125,112	195,856	245,786
	Utilization	78%	79%	87%	91%	79%	85%
<b>FA/ FAE</b>	Installed capacity	6,600	6,600	8,500	9,000	9,000	17,000
	<b>Available Capacity</b>	6,600	6,600	7,142	8,667	9,000	15,000
	Production	2,322	2,300	3,382	4,420	8,152	9,607
	Utilization	35%	35%	47%	51%	91%	64%
<b>Other</b>	Installed capacity	5,500	6,090	6,940	6,990	22,220	38,220
<b>Specialty</b>	<b>Available Capacity</b>	5,500	5,548	6,465	6,948	19,525	32,387
<b>Chemicals</b>	Production	3,563	3,296	4,305	5,786	14,921	20,095
	Utilization	65%	59%	67%	83%	76%	62%

\*There is small reduction in installed capacity of OSAA in Fiscal 11(E) on account of de-commissioning of certain old equipments.

#### **Notes:**

1. Installed capacity as mentioned above is as of March 31 of the respective Fiscal Years. The new capacities created during the year will be available only for the remaining part of the year after it has been created. Hence, the available capacity can be lower during the respective Fiscal Year when new capacities have been added. Utilisation is given against the available capacities.
2. Above capacities include additional capacities getting generated through de-bottlenecking and other process improvement initiatives, in addition to capacities being added through capital expenditures which are forming part of "Objects of the Issue"
3. Production capacities and Production quantities include quantities produced for captive consumption.

OSAA capacity utilisation is consistently high as they are basic surfactants and their formulations constitute bulk of the feedstock requirements of the customers.

Capacity utilisation for FA/ FAE is increasing by more than 25% of average capacity utilisation of last three years, as our efforts for customer acquisition and cross selling are offering some promising opportunities. We believe that our efforts will enable us to fully exploit our existing capacities of FA/ FAE by leveraging relationship with existing and new customers. Capacity creation and utilisation is planned based on requirements of identified export customers and markets.

In Fiscal 2011, we are expecting capacity utilisation of more than 25% of average capacity utilisation of last three years, as efforts of last few years have shown promising results in customer acquisition. Further we have commercialised manufacturing of some new Specialty Chemicals which is used for skin and oral care. These chemicals are required by specific customers hence capacity creation and utilisation levels are based on such identified customers and markets.

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## **Product portfolio**

Our products often add functionality to the personal and home care products. In most cases, the value proposition of a superior product is built around the ingredients effect. Thus, ingredient manufacturers play a key role in the business strategy of Personal and Home Care industry.

Our product portfolio is segmented into three major groups:

- Organic Surface Active Agents covering four basic categories of surfactants (Anionics / Non-ionics / Cationics / Amphoteric) and Surface Active preparations.
- Fatty Alkanolamides and Fatty Acid Esters (FA / FAE)
- Other Specialty Chemicals (Preservatives in cosmetics / Sunscreen actives / Mild Surfactants/Polymers /Proteins etc.)

### **Organic Surface Active Agents (“OSAA”)**

OSAA are products that stabilize mixture of oil and water by reducing the surface tension at the interface between the oil and water phase. Surfactants remove dirt from skin, hair, textiles, etc. Based on the head charge in the individual unit, a surfactant can be classified as:

#### **Anionic Surfactants:**

In this category, the head charge is negative. This class of surfactants has high foam and very good dirt removal properties. These surfactants have applications in shampoos, toothpastes, body wash formulations as well as laundry detergents and dishwashing products. Typical surfactants manufactured by our Company in this class include sodium lauryl sulphate, sodium lauryl ether sulphate, ammonium lauryl sulphate, ammonium lauryl ether sulphate, di-sodium lauryl sulphosuccinate, disodium laureth sulfosuccinate.

#### **Nonionic Surfactants:**

Nonionic surfactants have no head charge. We manufacture a wide range of ethoxylated nonionics with varying degrees of ethoxylation. These surfactants are most commonly used in cosmetics and personal care products like shampoos, bath and shower products etc. These are also used as emulsifiers and solubilisers in cosmetic applications Our nonionic product range includes lauryl alcohol ethoxylates, foam and viscosity boosters such as cocomonethanolamide and cocodiethanolamide and foam stabilizers such as lauryl myristyl amine oxide and lauryl myristyl amidopropyl amine oxide. .

#### **Cationic Surfactants:**

In cationic surfactants, the head charge is positive. These surfactants suit as conditioning aids because of their substantivity to hair and antimicrobial properties These are mainly used in hair conditioners and fabric softeners. We manufacture benzalkonium chloride which can be used as a germicide, disinfectant in applications such as floor cleaners and sanitizers.

#### **Amphoteric Surfactants**

These are mild surfactants used in personal care applications. Depending on the pH, i.e. acidity or basicity of the solution, they can be negatively or positively charged or there can be no head charge at all. These surfactants are mainly used in personal care and household cleaning products. Because of excellent dermatological properties these are frequently used in shampoos, skin cleansers and other cosmetic products. Use of these surfactants in detergents reduces skin irritation. We manufacture Cocoamidopropyl betaine (CAPB) which is used in shampoos, shower products, liquid soaps. We have also developed a patented purified version of CAPB which is used in toothpastes.

#### **Surface active preparations**

Surface active preparations include blend of surfactants which are pre-formulated and can be used for shampoo, body wash, syndet and transparent soap bars.

- *Blends / Formulations*

In order to reduce manufacturing complexity and production time cycle, we have developed blends which are a cocktail of various surfactants that form the base of shampoos, liquid soaps and shower gel formulations. Additionally, we have developed expertise in the technology of cold pearl formulations for pearlescence in shampoo formulations.



- *Syndet Noodles /Transparent Bathing Bar Flakes*

Syndet noodles and transparent bathing bar flakes have good global potential since consumer preference is moving from conventional soaps to variety of mild, neutral pH syndet based bathing bars. These products form the base for the final syndet and transparent bathing bars. Syndet noodles are in the form of ivory white coloured noodles, almost colourless bar having a mild and skin friendly base. It can be processed into bars in a conventional soap line with minor changes in equipment and process.

#### **Fatty Alkanolamides and Fatty Acid Esters (FA / FAE)**

Fatty Alkanolamides and Fatty Acid Esters are mainly used as foam and viscosity boosters in a formulation. We manufacture products like Cocomoethanolamide, Cocodiethanolamide and Lauric Monoethanolamide which are used in shampoos, soaps, shaving creams, liquid detergents, shower gels and bubble baths.

#### **Other Specialty Chemicals**

Other Specialty Chemicals for the personal care industry includes organic and inorganic UV absorbers, conditioning hair care polymers such as Polyquaternium-7 and cosmetic preservatives such as phenoxyethanol and its blends.

Our new range of mild ingredients includes sodium cocoyl glycinate, sodium cocoyl taurate, sodium cocoyl sarcosinate and sodium cocoyl isethionate. Sodium cocoyl isethionate is extensively used in manufacture of mild syndet formulations for soap and personal wash.

#### **Sunscreens:**

A number of UV-absorbing compounds like derivatives of salicylic acid, benzophenone, benzotriazoles, cinnamic acid are used in personal care products. However, all these molecules suffer from a major disadvantage of lack of substantivity. However, our patented UVs absorber for hair care and skin care “Galaxy TosyQuat” / “Sun Beat” are highly substantive. It is compatible not only with anionic surfactants, but with all other commonly used cosmetic ingredients as well. It can be easily incorporated in both aqueous as well as oil based formulations. Sun Beat can be conveniently included in transparent shampoos and transparent bars without affecting the transparency.

#### **Proteins for cosmetics:**

Proteins extracted from vegetable sources like rice, wheat, barley, oats, soya, quinoa, milk and silk form our protein ingredients. The range covers about 60 products for various applications in the cosmetic industry. Applications include conditioning of hair and skin, hair protection and strengthening, anti-irritancy, moisturization, film formers on skin, and skin healing and protection.

Proteins for cosmetics that we manufacture are:

#### **Protein Hydrolyzates:**

Most proteins are poorly soluble in water and therefore cannot be used in cosmetic formulations. Hydrolyzation converts the proteins into their soluble form by breaking down the proteins into smaller pieces, typically a mix of their amino acids. This hydrolyzation results in a water soluble cosmetic grade product which finds application in hair care and skin care formulations.

#### **Quaternized Proteins:**

These are protein derivatives which are made cationic so that they are substantive to hair and skin. These quaternized proteins reduce static electricity and bind well to the damaged hair. These products improve the body and manageability of hair.

#### Protein Condensates:

Protein condensates add various fatty acids to the protein to confer additional emulsifying and cleansing properties. These condensates are similar to surfactants and are mild, have high tolerance to skin and eye, and reduce the irritability of harsh surfactants.

This expanding portfolio of specialty chemicals demonstrates the strength of our R&D capabilities in high quality personal care ingredients.

#### Revenue Distribution

The break up of our revenues (on a standalone basis) based on the product group is as under:

Sr. No.	Group	Fiscal 2008		Fiscal 2009		Fiscal 2010	
		Rs. Mn.	%	Rs. Mn.	%	Rs. Mn.	%
1.	OSAA	3,259	85.3%	4,830	86.9%	5005	84.8%
2.	FA/FAE	179	4.7%	245	4.4%	269	4.6%
3.	Other Specialty Chemicals	383	10.0%	485	8.7%	620	10.5%
4.	Others	Nil	-	Nil	-	5	0.1%
	<b>Grand Total</b>	<b>3,821</b>	<b>100.0%</b>	<b>5,560</b>	<b>100.0%</b>	<b>5,899</b>	<b>100.0%</b>

The break up of our revenues (on a standalone basis) based on the geography is as under:

Sr. No.	Region	Fiscal 2008		Fiscal 2009		Fiscal 2010	
		Rs. Mn.	%	Rs. Mn.	%	Rs. Mn.	%
1.	APAC	535	14.0%	754	13.5%	686	11.6%
2.	India	1,722	45.1%	2,662	47.9%	2814	47.7%
3.	Americas and Europe	231	6.0%	294	5.3%	614	10.4%
4.	ROW	1,333	34.9%	1,850	33.3%	1785	30.3%
	<b>Total</b>	<b>3,821</b>	<b>100.0%</b>	<b>5,560</b>	<b>100.0%</b>	<b>5899</b>	<b>100.0%</b>

#### Our Manufacturing Facilities:

Sr. No.	Facility	No. of units	Owned Directly or through Subsidiary	Product / Product Group
<i>Current Facilities</i>				
1.	Tarapur	Three	Directly	OSAA, FA/FAE, Other Specialty chemicals
2.	Taloja	Two	Directly	OSAA, FA/FAE, Other Specialty chemicals
3.	USA	One	Through step down subsidiary	Protein Hydrolyzates, Quaternized Proteins, Protein Condensates
<i>Upcoming Facilities</i>				
1.	Jhagadia	One	Directly	OSAA, Other Specialty chemicals
2.	Egypt	One	Through step down subsidiary	OSAA, FA/FAE, Other Specialty chemicals

#### Existing Manufacturing Facilities

##### *Tarapur:*

We have three manufacturing units in Tarapur. We also have a state of the art pilot plant to scale up and commercialize new products rolling out from our R&D activities. The units are located on land leased by MIDC on a long term basis. All the units at Tarapur are batch process plants and are operating from Domestic Tariff Area ("DTA").

##### *Taloja:*

Our Taloja complex has the biggest sulfation facility in India. This has been achieved by regular expansion of the sulfation facility since the first unit was set up in 1997. We also manufacture Ethoxylates, Betaines, Alkanolamides, Fatty Acid esters

and Syndet soap noodles in this complex. In addition, it has drying facilities to manufacture products in dry form. The same complex houses a DTA unit as well as an EOU unit.

#### ***New Hampshire, USA***

Maybrook Inc, our step down subsidiary, is a protein manufacturing company having its manufacturing facility at Salem, New Hampshire, USA. Maybrook Inc manufactures various grades of proteins for cosmetic applications. Maybrook has an installed capacity of 600 MTPA of various grades of proteins for cosmetic application.

#### **Upcoming Manufacturing facilities**

We are setting up new facilities at Jhagadia, and Suez, Egypt to meet future growth needs.

#### ***Jhagadia, Gujarat:***

The total installed capacity at Jhagadia, Gujarat will be 77,000 MTPA which will commence its commercial production by May 2011. This involves capacity built up of 65,000 MTPA and 12,000 MTPA of OSAA and Other Specialty Chemicals respectively. GIDC has allotted land on long term lease. The land development and construction of compound wall for the said facility is in progress.

Our Jhagadia facility offers the following advantages:

- Proximity to Kandla, Mundra, Pipavav and Dahej port and Reliance Industries Limited, our key raw material supplier, ensuring efficient logistics with respect to procurement of raw material and exports of products.
- Presence in chemical hub provides access to effluent treatment and disposal infrastructure.
- Availability of 39 acres of land , which provides scope for future expansion

#### ***Suez, Egypt:***

We are setting up our first overseas manufacturing facility in Suez, Egypt through our wholly owned step-down subsidiary GC Egypt. There are two phases of expansion. In the first phase of the facility we will create OSAA capacity of 50,000 MTPA which will commence commercial production by August 2011. In the second phase we intend to create additional OSAA capacity of 22,000 MTPA. In addition we also intend to create new capacities of 8,000 MTPA of FA/ FAE and 10,000 MTPA of Other Specialty Chemicals in the second phase. We expect the second phase to commence commercial production in August 2012.

GC Egypt has been allotted land admeasuring 48,000 sq. meters. in Attaqa Public Free Zone, Suez, Egypt. The land is on 25 years lease from the Government of Egypt. GC Egypt has taken possession of the land and applications have been made for various approvals as mentioned in the chapter titled “*Government / Statutory Approvals and Licenses*” on page 290 of the Draft Red Herring Prospectus.

Our Suez facility offers the following advantages:

- Location advantage due to the following reasons:
  - Proximity to growing markets of Africa, Middle East and Turkey (AMET).
  - Proximity to Suez port
  - Proximity to Europe and East Coast of North America which will help us in tapping new markets that are difficult to be catered from India due to higher transit time and cost.
- Our Suez facility will be located in Public Free Zone and would be exempt from all direct and indirect taxes. Other than 1% fee on value addition, there would be no other tax incidence.
- Our marketing efforts have enabled us to emerge as a reliable supplier in this region. Hence, the manufacturing unit in this location will be advantageous.
- Power and fuel cost is comparatively lower in Egypt.

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## **Plant and Machinery**

### ***Tarapur***

The equipment used for manufacturing are well designed to ensure safe handling and are also energy efficient. The designing of the equipment is outsourced by our technical team. All plant and machinery undergo autonomous maintenance activity (Jishu Hozen activity based on TPM Methodology) on regular basis as per laid down standards. The time based maintenance or condition based maintenance is carried out by maintenance technicians as per laid down standards and as per annual maintenance plan. Wherever applicable, performance or efficiency of the machinery is calculated periodically to check the productivity parameters of the equipment.

### ***Taloja***

The equipment used for manufacturing are well designed to ensure safe handling and are also energy efficient. We have state of the art technology for better performance and reliability. We have installed Level 2 safety for Ethoxylation plant, which is a safety system installed for reducing the failure probability in the process. The designing of the equipment is outsourced by our technical team. All the processes are PLC (“Programmable Logic Controller”) / DCS (“Distributed Control System”) controlled for improved reliability. All plant and machinery undergo Jishu Hozen activity based on TPM methodology on regular basis as per laid down standards. The time based maintenance or condition based maintenance is carried out by maintenance technicians as per laid down standards and as per annual maintenance plan. Wherever applicable, performance or efficiency of the machinery is calculated periodically to check the productivity parameters of the equipment.

## **Raw Materials**

Our key raw materials are fatty alcohols, ethylene oxide, fatty acids, DMAPA and PAA for which we have had long term relationships with the suppliers. We procure our raw material from both domestic and overseas suppliers. Raw materials are imported mainly from Malaysia, Germany, USA and Japan.

### ***Major Suppliers***

Our major domestic suppliers of the raw materials are VVF Limited, Reliance Industries Limited, Time Technoplast Limited, Atul Limited, Nobel Resources and Trading India Private Limited, Denak Company Limited and Gujarat Alkalies and Chemicals Limited whereas our major overseas suppliers of the raw materials are Natural Oleo Chemicals Sdn Bhd, Oleocomm Global Sdn Bhd, KL-Kepong Oleomas Sdn Bhd and BASF Corporation.

## **Utilities and Resources**

### **Power:**

All units at Tarapur and Taloja run on power supply from Maharashtra State utility and have been equipped with back-up DG sets as captive generation units to ensure continuous power supply. The captive power plant at Taloja has a capacity of 1.9 MW whereas captive power plant at Tarapur has a capacity of 1.21 MW. The captive power plants will serve as a backup in case of any contingencies.

For Maybrook Inc, New Hampshire USA facility, electric power is supplied by National grid. The service availed is for 400 amps at 460 volts.

### **Fuel:**

#### ***Tarapur***

We use LDO or Furnace oil to run the boilers which is required for heating the material as per manufacturing processes. The fuel is received in road tanker and stored in dedicated storage tanks as per CCOE norms. We have thermo-pack boilers at manufacturing facilities having temperature requirement in excess of 180°C. For thermo-pack boiler, hitherm oil is used as a heating agent. The boilers are operated and maintained as per the Indian Boiler Regulation norms.

### **Taloja**

We use coal fired boiler as a part of energy conservation and meeting the process requirements. Apart from coal fired boilers we have Furnace oil fired boilers for meeting contingency requirements. Furnace Oil is received by road tankers and stored in dedicated storage tanks as per CCOE norms. We also have thermic fluid heaters with furnace oil as fuel at manufacturing facilities having temperature requirement in excess of 180<sup>0</sup>C. The boilers are operated and maintained as per the Indian Boiler Regulation norms.

### **New Hampshire, USA**

Unitil is the supplier of natural gas for Maybrook Inc, New Hampshire facility. The supply of gas is through a pipeline connected directly to the plant. The facility has two boilers operated and maintained as per New Hampshire State norms. The boilers provide steam as well as heat for the operation.

### **Water:**

Water is the integral part of our manufacturing process. Water is required in the production process as well as for running the utilities. Water for industrial use as well as domestic use is sourced from MIDC. We do not use borewell water for industrial or domestic usage in the manufacturing units.

<b>Tarapur</b>	<b>Limit</b>	<b>Status</b>
M-3	150 m3 /day	Approved
N-46	80 m3 /day	Approved
G-59	80 m3 /day	Approved
W-67 (Pilot Plant)	8.5 m3 /day	Approved
<b>Taloja</b>		
V-23	340 m3 /day	Approved
Plot No.1	350 m3/day	Approved
New facility in Plot No.1	95 m3/day	Applied

### **New Hampshire, USA**

Water is an important component in the protein manufacturing process as the products are water based. Also, the scrubbers use water for emission control. Water is sourced from The Town of Salem, New Hampshire Water Department.

### **Labour:**

Labour required for the manufacturing process is arranged from the local area or any other part of India on basis of their merit. The recruitment process is handled by Human Resources team of our Company. All employees undergo annual appraisal process for monitoring their performance for promotion and yearly remuneration. As a promotion policy, we give opportunity to existing employees for senior position based on the requirement and merit.

We believe that our labour relations have been satisfactory and we have not experienced any disruption to our operations due to disputes including strikes, work stoppages, or wage hike demands by our employees. We do not have any labour union.

We have 200 employees in Tarapur and 389 employees in Taloja as on March 31, 2010.

### **USA Operations**

Labour required for manufacturing are recruited locally from New Hampshire and Massachusetts based on merit. As on March 31, 2010, Maybrook Inc has 10 employees.

**Declaration:** Child labour is not allowed in the factory premises for any type of work.

### **Environmental Aspects:**

We take all efforts to control and minimise pollution both at the design stage and also during the operations.

In addition to the Common Effluent Treatment Plant (“CETP”) which is run by respective industrial associations in Tarapur and Taloja, we have also created an Effluent Treatment Plant (“ETP”) in our facilities at Taloja and Tarapur. At Taloja, ETP

is located at V23 plot to take care of effluents from V23 and EOU plants. At Tarapur, ETP is located at M-3 unit which takes care of effluents from M3, N46, G59 and W67 units

Both at Tarapur and Taloja, the ETP consist of equalization tanks, anaerobic digestors, fine screens, aerobic digestors followed by membrane bio-reactors, decanter and sludge drying beds. Treated water from ETP is partially used for gardening and rest discharged to CETP.

In Taloja plant, we have installed state-of-the-art Membrane bio-reactor (MBR) technology which is a recent and advanced technology. The operations in this ETP are controlled through a PLC. This technology was introduced basically to improve quality of treated effluent which demonstrates the concern for environment. This is our first step towards zero discharge.

At Taloja, we have also installed air pollution control equipments like electro-static precipitator and  $\text{SO}_2$ - $\text{SO}_3$  scrubber to control the gaseous effluents let into the atmosphere. Sodium Sulphate solution generated from the scrubber is concentrated and dried to powder form by using waste heat available in the process.

Waste heat recovery boilers are also used with boilers to conserve natural resources like oil and coal.

**Manufacturing Processes followed for our products are as follows:**

**OSAA**

**Amine Oxides:**

The Amine oxides are manufactured by Amidification reaction followed by Oxidation reaction process with resultant amide. Fatty acid (Lauric and Myristic acid blend) is reacted with DMAPA. During the reaction, water is recovered as a by-product. After completion of reaction, this resultant amide or other fatty amide is reacted with Hydrogen Peroxide in aqueous medium till product of desired specification is obtained. The resultant product is cooled and packed.

**Fatty Acid esters (Solids):**

The fatty acid esters are manufactured using esterification reaction. The fatty acid like Stearic Acid is charged to reactor and melted along with Monoethylene Glycol and catalyst and other additives. After the reaction is over, it is flaked to get final product which is packed in paper bags.

**Fatty Alcohol Ether Sulphate (FAES):**

FAES are manufactured by sulfation process followed by neutralization of resultant sulphated mass using Caustic Soda Lye. Ethoxylated Fatty Alcohol is treated with  $\text{SO}_3$  to get sulphated product. The resultant product is reacted with Caustic Soda Lye to get SLES 70% (70% active material, balance water). These processes are carried out at our continuous process plant at Taloja.

SLES 70% is diluted with water to obtain lesser active material. Other additives are added to adjust the material as per required customer's specification. Product is standardized as per customer's specification and packed in HM-HDPE barrel.

**Fatty Alcohol Sulphate (FAS):**

The FAS is manufactured by sulfation process followed by neutralization of resultant sulphated mass using Caustic Soda Lye.

Fatty Alcohol is treated with  $\text{SO}_3$  to get sulphated product. The resultant product is reacted with Caustic Soda Lye to get SLS 28% liquid. These processes are carried out at Taloja using continuous process plant.

The SLS 28% liquid is spray dried to convert it to SLS powder, which is then packed in HDPE bags.

**Sulfosuccinates:**

The Sulfosuccinates are manufactured by esterification reaction followed by sulfation of resultant ester. Cocomonethanol amide, Lauryl Alcohol or Ethoxylated Lauryl Alcohol is reacted with Maleic Anhydride to form ester. The resultant mass of ester is reacted with Sodium Sulphite to get the end product, DM water is added to adjust solid content of the product. Product is standardized as per customer's specification and packed in HM-HDPE barrel.

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#### Ethoxylated products:

Different kinds of ethoxylated products are manufactured by ethoxylation process by reacting fatty alcohol with ethylene oxide. Product is standardized as per customer's specification and packed in HM-HDPE barrel.

#### Betaines:

The Betaines are manufactured by amidification reaction followed by quaternisation of resultant amide with alkylating agent. Coco fatty acid is reacted with DMAPA (Dimethyl Amino Propyl Amine) to obtain amide of DMAPA. During the reaction, water is recovered as a by-product. After completion of reaction, this resultant amide or fatty amine is reacted with alkylating agents like MCA or SMCA in aqueous medium to form Betaines. De-mineralised water is used as a diluting agent. Product is standardized as per customer's specification and packed in HM-HDPE barrel. The product is also packed in ISO tanks or Flexi bags for export requirement.

#### Surfactant Blends – Solids

Surfactant blends are manufactured by blending various surfactants. They are prepared by blending soaps of fatty acids, caustic soda lye, fatty alkanolamides, fatty alcohol ethoxylates, alcohol sulphates, betaines, fatty alcohol ether sulphates, cellulose and derivatives, fatty Alcohol, other additives, polyols, polyphosphates, precipitated calcium carbonates, salts and water.

All the ingredients are taken in clean dry reactor. After mixing and dissolving, required water is added and the mass is flaked using flaking machine by cooling of flaking machine. Material is packed in HDPE bags.

#### Surfactant Blends – Liquid

Surfactant blends are specialty blends manufactured by blending of different surfactants in a scientific way. They are prepared by blending fatty alcohol ether sulphates, fatty alcohol sulphates, betaines, fatty acid esters, polyquaternium compound, alkanolamides, sulfosuccinates, fatty alcohol ethoxylates, cellulose and derivatives, fatty alcohol, other additives, polyols, salts and water.

All the ingredients are taken in clean dry reactor. After mixing and dissolving, required water is added and the mass is cooled, settled and packed in HDPE drums.

#### Syndet Noodles/Transparent Bathing Bar Flakes:

Syndet noodles are manufactured with surfactant blends and adjusted to pH near to that of skin. These are mild to skin compared to conventional soap. We supply the product in noodle and flaked form and the soap/bathing bar is made at the customer's end. Transparent Bathing Bar Flakes are also manufactured by blending surfactants and other additives. These flakes are converted into Transparent Bathing Bars by "melt and pour" technology.

#### **FA / FAE**

#### Alkanolamides - Liquids:

The alkanolamides are manufactured by amidification reaction. Coco fatty acid is reacted in SS Reactor with Diethanol Amine. During the reaction, water is recovered as a by-product; then product is adjusted as per customer's specification and requirement and packed in HM-HDPE Barrels.

#### Alkanolamides - Solids

The alkanolamides are manufactured by amidification reaction. Coco fatty acid is reacted with Monoethanol amine in SS reactor. During the reaction, water is recovered as a by-product. After reaction is completed the product is flaked using flaking machine to get final product which is then packed in paper bags.

#### **Other Specialty Chemicals**

#### Polyquaternium compounds:



The polyquaternium compounds are manufactured by polymerisation of monomers E.g. Dimethyl Diallyl Ammonium Chloride reacted with Acrylamide in aqueous medium in SS reactor in presence of catalyst. Other additives are added as per required specifications. Product is adjusted for pH, solids and viscosity as per customer's requirement and packed in HM-HDPE barrels.

**Preservatives (Phenoxyethanol):**

The preservatives Phenoxyethanols are manufactured by ethoxylation reaction followed by purification of resultant product by distillation. The crude phenoxyethanol is manufactured by ethoxylation reaction between Phenol and Ethylene Oxide to get the desired product. Crude product is purified by fractional distillation under reduced pressure (vacuum). Product is standardized as per customer's specification and packed in HM-HDPE barrel or in ISO tanks.

**Quaternium Compound:**

The quaternium compound is manufactured by quaternization reaction process. Di Methyl Lauryl Amine is reacted with Benzyl Chloride in aqueous medium to obtain desired specification of product. The resultant product is cooled and packed in desired packing of HM-HDPE drums.

**Sunscreen Agents:**

The sunscreen agent Octyl Methoxycinnamate ("OMC") is manufactured by different reactions like Claisen condensation and trans-esterification reaction followed by purification through fractional distillation. P-Anisaldehyde and ethyl acetate are reacted to form ester. This resultant ester is reacted with 2-Ethyl hexanol to form crude OMC. Crude OMC is purified and product is standardized as per customer's specification and packed in HM-HDPE barrel.

Octocrylene ("OCR") is another sunscreen agent which is a UV-B (290-320 nm) absorber. It is used in formulating water repellent and water resistant sunscreen products. OCR is manufactured from Benzophenone by two stage process which involves condensation and transesterification reactions.

**Research and Development (R&D)**

We believe that we have established our reputation as a manufacturer of quality products. In order to cater to the changing needs of our customers, the Company has set up an in-house research and development facility in India to develop products at competitive prices for the domestic and international market. Through our R&D centre, we continuously interact with consumers to obtain feedback on our products and the information obtained is leveraged to complement our new product development activities.

Our R&D efforts are driven by our 'Consumer-to-Chemistry' strategy. We have a well-equipped R&D centre at Navi Mumbai to develop new products, technologies and applications for the personal and home care industry. Our R&D efforts also comprise of standardizing new analytical methods and identifying substitutes for certain raw materials. We have to our credit 18 patents in India and 10 patents in USA. In addition, we have applied for 12 patents in India and 1 patent in Europe. Our R&D center is recognised by the Department of Science and Technology, Government of India..

We have a state of the art R&D team of 24 scientists including doctorates and engineers in our research and development section who are focused on new products development and improving the application characteristics of our existing products and improving the process yield. We have also installed pilot plant facilities which facilitate trial runs of the new production processes and/or new products before commercial production.

**Innovation Funnel:**

Every new business opportunity goes through an innovation funnel comprising of 5 stages of completion. These stages are as under:

- Idea Stage – involves literature search, patent search and project approval by the senior management of the Company
- Preliminary Stage – involves synthesis in laboratory, draft specifications, raw material sourcing, benchmark sample and prices
- Capability Stage – involves Pilot Plant trial, effluent/ by-product handling, Organoleptic, Microbiology Toxicology studies, methods of analysis of customer sample etc.
- Test Launch Stage – involves commercial scale up, patents, product application, costing and customer approval stability
- Marketing Extension Stage – involves marketing collaterals, customer specific needs, and clinical trials

Presently there are 21 products or product extensions at various stages of the funnel, with 8 products being at the stage of Test Launch and Marketing Extension.

### **Quality Assurance**

Quality is ensured at all stages of the manufacturing process:

- The products are subject to organoleptic tests (taste, colour, and odour), tests for impurities/ specifications at different stages of the manufacturing process. Each finished goods dispatch is accompanied by Technical Data Sheet / Material Safety Data Sheet certificates as collaterals for the quality and safety aspects of the product.
- Production facilities and processes are subject to customer audits and meet GMP standards.
- Suppliers are subject to an internal approval process, audit of manufacturing facilities, quality control checks on supplies and periodical performance appraisal systems.
- There are well laid down quality protocols relating to packing, labelling and other aspects of supply chain including document tracking to raise service responsiveness.
- We continually participate in external benchmarking forums like ISO, DuPont, TPM, RBNQA etc to make quality a pervasive organisation culture.

All facilities are approved by local FDA for manufacturing of cosmetic ingredients under Cosmetic License.

We have an in-house Quality Council which drives all quality related initiatives and monitors the same on a monthly basis.

### **Infrastructure and Process:**

Our Company has implemented and maintained Total Productive Maintenance (TPM) programme

Corporate Quality Process supports our manufacturing operations at various units. These units have implemented Quality Management System with GMP and ISO 9001: 2008 in place.

A well-equipped Quality Assurance Department exists at all units, having facilities for chemical, physical and microbial testing of all types of raw materials, packing materials, goods in-process and finished goods.

We have a programme based on an integrated documentation system of specifications, standard operating procedures and batch production records, supported by qualified and validated equipment, processes and trained personnel. The systems and procedures are audited and reviewed on regular basis to ensure compliance to cGMP and GLP requirements throughout the plant.

The effluent handling system is equipped with modern membrane bioreactors to meet stringent effluent quality.

Quality assurance on the raw material / procured material is ensured through:

- Strict vendor evaluation
- Regular testing and technical analysis of raw material
- Maintaining separate team for sourcing and vendor support activities to build effective communication between us and our suppliers

### **Domestic and International Marketing Arrangements**

The marketing division is bifurcated into two Business Creation Units based on the geography:

- Domestic Business Creation (DBC) and
- International Business Creation (IBC)

Domestic and International Business Creation units are driven by separate heads who in turn report to the Director –Personal & Home Care (Global).

### **Domestic Marketing**

#### **Regions:**

The domestic market which is catered to by DBC is further bifurcated into two regional zones:

- Northern Region with full-fledged marketing office in Delhi and

- 
- Rest of India marketing office which is housed in Corporate Office located at TTC, Navi Mumbai.

Each of the regions has a leader driving the business growth for that region.

***International Marketing:***

***Matrix Approach:***

International Business Creation has a Matrix Marketing Organization with location / geography and customer dimensions built into it.

***Global Sales offices***

In terms of location, IBC drives the marketing effort from three centers viz,

- Asia Pacific Region which is serviced from the branch office at Bangkok, Thailand, that was set up in 1999
- America (North and South) which is serviced by our wholly owned marketing subsidiary in USA, Galaxy Chemicals Inc, incorporated in 2003.
- Europe, Africa and Middle East are covered from the marketing set up at the Corporate Office in TTC Navi Mumbai.

***Global Marketing Regions:***

Most of our multinational customers, who conduct operations across the globe, have structured their operations region wise. Accordingly, we have grouped our marketing teams by geographies. Each global region has a nominated leader from the International Business Creation team who is responsible to drive the Company's growth in terms of marketing and business in his region. Such global regions are:

- Americas (North and South)
- Europe
- Asia Pacific (APAC) excluding India
- AMET (Africa, Middle East and Turkey)

***Trade Shows and Expositions***

We regularly participate in the following trade shows in the field of Personal and Home Care Products:

- In Cosmetics - in India
- India Chem – in India
- In Cosmetics - in Asia
- In Cosmetics - in Europe
- Suppliers Day - in USA
- Soaps and Detergents Association (SDA) Meet - in USA

These expositions provide a platform for our Company to showcase new innovative products, capabilities, competencies and to take business deeper into global markets.

***Customer Profiling and Servicing***

The Company has grouped the customers into three sections based on:

- Propensity for growth
- Global presence, and
- Technical Services

To enable efficient marketing, on the criterion given above, the identified groups are:

- Multinational Customers – These are mainly multinational companies which have production and marketing arrangements in most regions of the globe.
- Regional Customers – These are mainly companies which are present in the domestic market of their respective countries and at times also sell to the neighbouring countries/ regions. They do not have substantial global presence.
- Local Customers – These are mainly companies who operate in local areas in the domestic market in the respective countries.

We continuously drive for strengthening our relationship with our customers through innovative solutions and partnership approach to facilitate / support expanding product portfolio with newer applications.

### **Major Customers**

We supply our products domestically and export to about 70 countries.

Some of our major global customers are Beiersdorf, Colgate Palmolive, Ecolab, Henkel, Diversey, L'Oreal, Reckitt Benckiser, Unilever and other global giants in personal and home care segment. Some of our domestic customers are Ayur, CavinKare, Dabur, Emami, ITC, Marico and Procter & Gamble Home Products Limited.

### **Export Obligation**

We do exports against Advance Licenses from domestic units and from EOU.

The status of the Advance Licences as on July 27, 2010 is as follows:

- 4 Advance Licences for a value of Rs. 49,330,843/- have been filed for EODC (Export Obligation Discharge Certificate) with DGFT (Directorate General of Foreign Trade).
- 32 Advance Licences for a value of Rs. 840,178,500/- exports have been done and are awaiting filing of EODC with DGFT.
- 42 Advance Licences for a value of Rs. 2,642,492,904/- where exports are being currently done.

In respect of exports from EOU, we comply with applicable norms relating to the net foreign exchange earning and domestic tariff area sales. All statutory returns communicating such compliances have been filed with the Deputy Commissioners office governing the EOU.

We have 8 valid EPCG (Export Promotion Capital Goods Scheme) licenses for a value of Rs.16,278,661/- out of which we have completed exports for 3 licences, for a value of Rs 6,214,391/- and are in the process of filing the EODC for export obligation discharge. In case of remaining valid 5 licences, for a value of Rs 10,064,270/- exports are being done currently.

### **Competition**

In the product category where we have a presence, we face competition from international companies like BASF Corporation, Clariant Limited, Cognis GmbH, Croda International Plc, Evonik Industries, Huntsman Corporation, International Specialty Products Inc., Kao Corporation, Rhodia, Royal DSM N.V., Sasol Limited, Stepan Company, and The Dow Chemical Company. There are also some regional low cost players who compete with us on a small scale.

As mentioned above, we supply to global players in personal and home care segment; however a few of these companies have their own in- house facility for manufacturing these ingredients.

### **Customer Confidence:**

We hold Certified Supplier / Preferred Vendor status from some of our customers which suggest that our finished products can be used in their manufacturing facilities based on our Certificate of Analysis without going through the stringent quality checks at the customers' end.

### **Safety**

World class safety excellence is our strategy behind all safety health and environment initiatives. With a strong management commitment and workforce involvement, we are able to achieve safety excellence through a strong safety culture.

We engaged M/s DuPont in the year 2008, for conducting study of safety environment and practices followed by our company. Based on the learnings from this study, we continue to scale up our safety performance at all locations. Safety measures have been strengthened and employees are being trained to think on hazards/risks associated with their job. Safety Health & Environment ("SHE") processes and systems have been established to make employees responsible and accountable for safety. 'Safety' has been the part of our vision statement and our main objective is to achieve world-class standards of safety in the shortest possible time. Our safety records reflect that there has been no fatal incident since inception of the organization.

To accomplish our vision, we have defined SHE policy and its objectives and targets are well articulated. To empower the line function on SHE interventions, The Galaxy Safety Council, chaired by the Managing Director along with seven safety sub-committees looks into various safety practices in the organization. These empowered sub committees and Galaxy Safety Council (GSC) review safety performance every month and appropriate actions are taken to achieve safety excellence. SHE performance is reviewed once in every quarter at our Board meetings.

Both our manufacturing locations at Tarapur and Taloja have two safety officers to guide and coach the line functions in all safety activities. At all locations, there are Safety Committees which empower non management employees to drive safety at grass root level. The Occupational Health Centre at both manufacturing locations takes care of first aid treatments and small injuries, if any. At Taloja, all contract employees undergo pre employment medical examinations to ensure that only "Fit" employees are allowed to work at our Company premises.

Personal Protective Equipments (PPEs) like safety shoes, hard hats are compulsory to enter the locations. Visual control enables all the persons in the work premises to use appropriate PPEs at designated locations. All the visitors undergo safety awareness training through safety films. Company and contract employees undergo systematic safety induction training, where the nature of hazards and the precautions to be taken in case of emergency is communicated.

All the locations are risk assessed and appropriate fire hydrants and fire extinguishers are available at all areas of operation. At regular intervals, mock drills at different scenarios (like fire breakage, gas leakage, spillage etc) are conducted to ensure our preparedness in case any emergency situation arises.

We are working on obtaining ISO 14001 and OHSAS 18001, which is an international specification that defines the requirements for an Environmental, Occupational Health and Safety System based on legal compliance. It provides a framework for continual improvement in Environmental, health and safety performance due to the structured approach in managing Health and Safety Issues. The final certification is expected by January 31, 2011

#### **Corporate Social Responsibility ("CSR")**

As a good corporate citizen, since the inception of our Company, we are quite concerned about environment protection and support to society; therefore, from time to time, we had been giving the philanthropic contributions towards community social causes. We strongly believe in values and ethics in business and meeting all regulatory requirements of corporate governance.

We have moved a senior management team member to head CSR initiatives and have started structured CSR programs in the area of Educare, Healthcare and Sociocare. Awareness for 'Hygiene and Health' has been identified as a core corporate theme by our Company. CSR has been linked with corporate strategy to provide sustainable budgetary support. In years to come, we would be allocating considerable resources for creating mass awareness in this direction. Entire senior leadership is committed towards community development, environment protection and promoting employee participation in the CSR initiatives. Activities undertaken and progress of these initiatives are monitored and reviewed by the senior management team on a regular basis.

We have adopted a rural school near our Taloja plant where significant infrastructure support is being provided such as construction of a separate toilet block for girls and boys, digging of borewell, construction of laboratory room, benches for 240 students etc.

We are not restricting our CSR initiatives only to the neighbouring areas of our plants; but for specific health and hygiene improvement support for the poor rural and tribal population, collaborative approach is being followed by joining hands with creditable NGOs who have a deep reach in interiors and are doing consistent constructive work. In Anantpur district of Andhra Pradesh, due to high level of fluorine in water, large population of children and adults are suffering from fluorosis. We have sponsored five De-floridation plants which reduce the fluorine content in the water and make it usable as drinking water.

During last one year, our employees have organized Blood Donation Camps at TTC, Tarapur and Taloja ; extended coaching in English, mathematics and science to rural students; donated notebooks, dictionaries and participated in feeding program for the tribal children. Female employees have formed a Ladies Club to join hands for extending support for the social and community development work. We have organized Eye Health and Skin Health camps for rural and tribal children and are running a weekly medical dispensary for 400 students and their parents in the adopted rural school.

## **Human Resource**

We call our Human Resource as People Energy Process which lays stress on people, whom we believe are the differentiator for the organization. At Galaxy, people are a source of business and opportunities and not a resource.

To accomplish the pervasive qualitative people pool, we follow a multifaceted approach of rigorous screening of new recruits with motivation and high morale with passion to excel. For the employees to give their best and remain ahead in the corporate world, we offer them market driven compensation for competence and merit, democratic participative work environment with adequate empowerment, continuous improvement, learning and competency enhancement programmes internal and external. TPM / RBNQA / Du Pont Safety / OHSAS/ ISO Certifications and other external forums are widely adopted as organizational capability enhancement initiatives.

We believe that a combination of our reputation in the market, our working environment and competitive compensation programmes allow us to attract and retain talented people. Our senior management team consists of professionally qualified, competent and experienced individuals. We believe that our employees are the key to the success of our business.

The following table sets out the number of our employees as of the end of the last three fiscal years:

<b>Particulars</b>	<b>Fiscal 2008</b>	<b>Fiscal 2009</b>	<b>Fiscal 2010</b>
Number of Permanent Employees	548	588	690

The composition of our employee population as on March 31, 2010 is as under:

<b>Qualification</b>	<b>Number</b>
Chartered Accountants	9
Cost Accountants	4
Company Secretaries	1
Doctorates	5
Engineers	42
Graduates	163
MBA's	17
Post Graduates	39
Technical Diplomas	138
Under Graduates	272
<b>Grand Total</b>	<b>690</b>

## **Insurance**

The risks associated with the chemical industry are commensurate with its rapid growth and development. Apart from its utility, chemicals have their own inherent properties and hazards. Some of them can be flammable, explosive, toxic or corrosive etc.

We have insured our office premises, manufacturing units, building, plants and machineries, godowns, warehouses, stocked raw materials, finished goods, stocks in process, furniture and fixtures, office equipment, against fire accidents, machinery breakdown, leakage and contamination, earthquake, robbery, terrorism damage and such other loss and damage to property. Our Company also carries product liability insurance coverage, as well as insurance policies that cover products during shipment to distributor locations. We have also insured our Directors, permanent employees working at the manufacturing units, godowns and warehouses against any loss and damages caused to them when on duty. We believe that the obtained insurance coverage is adequate and consistent with the industry standards.

## **OUR PROPERTIES**

### **Leasehold properties acquired for the proposed project:**

<b>Details of Agreement</b>	<b>Particulars of the Property, Description &amp; Area</b>	<b>Consideration</b>	<b>Tenure</b>
Agreement dated August 20, 2008 between Gujarat Industrial Development Corporation (the "Licensor") and Galaxy Surfactants Limited (the "Licensee")	Plot No. 892 admeasuring 157221 square meters in the Jhagadia Industrial Estate, Taluka Jhagadia, District Bharuch, Gujarat.	Rs. 9,66,90,866 /-[Rupees nine crore sixty six lacs ninety thousand eight hundred and sixty six only ]	99 Years

### Freehold properties of our Company:

Sr. No.	Details of Agreement	Particulars of the Property, Description & Area	Consideration	Stamp Duty	Existing Usage
1.	Agreement for sale of National Park (Final Plot No. 452, T.P. Scheme-I) Panvel dated November 27, 1998 between M/s. National Builders & Developers (the "Developers") and Galaxy Surfactants Limited (the "Purchaser")  Registered with the Sub - Registrar, Panvel	Flat No. 501 having a carpet area of 433 square feet at Building "A" , Plot No. 452 T.P scheme-I, Panvel	Rs. 3,54,000 [Rupees three lacs fifty four thousand only]	<b>Stamp Duty:</b> Rs. 48,600 [Rupees forty eight thousand six hundred only]	Residential
2.	Agreement for sale of National Park (Final Plot No. 452, T.P. Scheme-I) Panvel dated November 27, 1998 between National Builders & Developers (the "Developers") and M/s Galaxy Surfactants Limited (the "Purchaser")  Registered with the Sub - Registrar, Panvel	Flat No. 502 having a carpet area of 433 square feet at Building "A" ,, Plot No. 452 T.P scheme-I, Panvel	Rs. 3,54,000 [Rupees three lacs fifty four thousand only]	<b>Stamp Duty:</b> Rs. 48,600 [Rupees forty eight thousand six hundred only]	Residential
3.	Agreement for National Park (Final Plot No. 452, T.P. Scheme-I) Panvel dated November 27, 1998 between M/s. National Builders & Developers (the "Developers") and Galaxy Surfactants Limited (the "Purchaser")  Registered with the Sub - Registrar, Panvel	Flat No. 503 having a carpet area of 433 square feet at Building "A" ,, Plot No. 452 T.P scheme-I, Panvel	Rs. 3,54,000 [Rupees three lacs fifty four thousand only]	<b>Stamp Duty:</b> Rs. 48,600 [Rupees forty eight thousand six hundred only]	Residential

### Leasehold Properties used for the existing units and other purposes:

Sr. No.	Details of Agreement	Particulars of the property, description & area	Consideration	Tenure	Existing Usage
1.	Lease deed dated February 17, 1997 between Maharashtra Industrial Development Corporation (the "Lessor") and Galaxy Surfactants Limited (the "Lessee")  Registered with the Sub - Registrar, Panvel	Plot No. C-49/2 admeasuring 2,507 square meters situated at Trans Thane Creek Industrial Area, within the village limits of Pawne and within the limits of Navi Mumbai Municipal corporation, Taluka and Registration sub-district Thane, District and Registration District Thane	<b>Rent:</b> Rs. 1/- p.a  <b>Premium:</b> Rs. 23,47,400/- [Rupees twenty three lacs forty seven thousand and four hundred only]	95 years commencing from January 01, 1992	Research and Development Centre and Corporate Office
2.	Lease deed dated August 24, 1984 between Maharashtra Industrial Development Corporation (the "Lessor") and Galaxy Surfactants Limited (the "Lessee")  Registered with the Sub - Registrar, Panvel	Plot No. W67(B) admeasuring 800 square meters situated at Tarapur Industrial Estate, Village Salwad, Taluka and Registration Sub-district Palghar, District and Registration District Thane.	<b>Rent:</b> Rs. 1/- p.a  <b>Premium:</b> Rs. 1,55,300/- [Rupees one lac fifty five thousand and three hundred only]	95 years commencing from August 01, 1984	Factory
3.	Lease Agreement dated December 20, 2000 between Maharashtra	Plot No. M-3/PT, admeasuring 2087 square meters situated at Tarapur	<b>Rent:</b> Rs. 1/- p.a.	95 years commencing from November 5, 1999	Storage Purpose and for setting up of Effluent



Sr. No.	Details of Agreement	Particulars of the property, description & area	Consideration	Tenure	Existing Usage
	Industrial Development Corporation (the "Grantor") and Galaxy Surfactants Limited (the "Licensee") <i>An application dated May 13, 2010 has been made to execute a lease deed between our Company and the MIDC.</i>	Industrial Area, within village limits of Pamtembhi, Taluka and Registration Sub-district Palghar, District and Registration District Thane.	<b>Premium:</b> Rs.15,44,400/- [Rupees Fifteen lacs fortyfour thousand four hundred only]		Treatment Plant
4.	Lease deed dated April 27, 1994 between Maharashtra Industrial Development Corporation (the "Lessor") and Galaxy Surfactants Limited (the "Lessee")  Registered with the Sub – Registrar	Plot No. M-3 admeasuring 9430 square meters situated at Tarapur Industrial Area, within village limits of Pamtembhi, Taluka and Registration Sub-district Palghar, District and Registration District Thane.	<b>Rent:</b> Rs. 1/- p.a  <b>Premium:</b> Rs. 10,86,000/- [Rupees ten lacs eighty six thousand only]	95 years commencing from April 01, 1993	Factory
5.	Lease Agreement dated August 05, 1992 between Maharashtra Industrial Development Corporation (the "Grantor") and Galaxy Oleo-Chem (India) Private Limited (the "Licensee")  Registered with the Sub - Registrar, Thane  <i>Our Company has acquired the business premises of Galaxy Oleo Chem (India) Limited vide Scheme of Amalgamation approved by the High Court of Judicature at Bombay on April 26, 2001.</i>	Plot No. G-59 admeasuring 20181 square meters situated at Tarapur Industrial Area, within village limits of Kolwade, Taluka and Registration Sub-district Palghar, District and Registration District Thane	<b>Rent:</b> Rs. 1/- p.a  <b>Premium:</b> Rs.20,36,200/- [Rupees Twenty lacs thirty six thousand two hundred only]	95 years commencing from March 7, 1992	Factory
6.	Lease deed dated July 12, 1993 between Maharashtra Industrial Development Corporation (the "Lessor") and Galaxy Organics Private Limited (the "Lessee")  <i>Our Company has acquired the business premises of Galaxy Organics Private Limited vide Scheme of Amalgamation approved by the High Court of Judicature at Bombay on September 28, 1995.</i>  Registered with the Sub - Registrar, Panvel	Plot No. N-46/1 admeasuring 2018 square meters situated at Tarapur Industrial Area, within village limits of Pamtembhi, Taluka and Registration Sub-district Palghar, District and Registration District Thane.  Plot No. N-46/2 admeasuring 1394 square meters situated at Tarapur Industrial Area, within village limits of Kumbhavli, Taluka and Registration Sub-district Palghar, District and Registration District Thane.	<b>Rent:</b> Rs. 2/- p.a  <b>Premium:</b> Rs. 1,64,500/- [Rupees one lac sixty four thousand and five hundred only]	95 years commencing from March 01, 1983	Factory
7.	Lease deed dated	Plot No. N-231	<b>Rent:</b> Rs. 1/- p.a	95 years	For Storage



Sr. No.	Details of Agreement	Particulars of the property, description & area	Consideration	Tenure	Existing Usage
	September 30, 1997 between Maharashtra Industrial Development Corporation (the "Lessor") and Galaxy Surfactants Limited (the "Lessee")	admeasuring 737 square meters situated at Tarapur Industrial Area, within the village limits of Pamtembhi and Kumbhavali, Taluka and Registration Sub-district Palghar, District and Registration District Thane.	<b>Premium:</b> Rs. 4,05,400/- [Rupees Four lacs five thousand and four hundred only]	commencing from December 01, 1994	Purpose
8.	Lease deed dated March 10, 1980 between Maharashtra Industrial Development Corporation (the "Lessor") and Mr. C. R. Ramakrishna, Mr. Gopalkrishnan Ramakrishnan, Mr. S. R. Shanbhag, Mr. S. D. Patil, Mr. U. Shekhar (the "Lessee") as partners of M/s Galaxy Chemicals  Registered with the Sub - Registrar, Thane  <i>Our Company has taken over the business premises of M/s. Galaxy Chemicals vide slump sale agreement dated January 04, 1995</i>	Plot No. W-44(C) admeasuring 534 square meters situated within Tarapur Industrial Area in village Salwad, Taluka and Registration sub-district Palghar, District and Registration District Thane.	<b>Rent:</b> Rs. 1/- p.a  <b>Premium:</b> Rs. 82,200/- [Rupees eighty two thousand and two hundred only]	95 years commencing from March 01, 1980	Factory
9.	Lease deed dated April 23, 1997 between Maharashtra Industrial Development Corporation (the "Lessor") and Galaxy Surfactants Limited (the "Lessee")  Registered with the Sub – Registrar, Panvel	Plot No. V-23 admeasuring 37, 802 square meters situated at Taloja Industrial Area, within the village limits of Chal, Taluka and Registration sub-district Panvel, Registration District Raigad	<b>Rent:</b> Rs. 1/- p.a  <b>Premium:</b> Rs. 2,07,91,100/- [Rupees two crores seven lakh ninety one thousand and one hundred only]	95 years commencing from August 01, 1995	Factory
10.	Lease deed dated May 12, 2009 between City and Industrial Development Corporation of Maharashtra Limited (the "Lessor") and Galaxy Surfactants Limited (the "Lessee")  Registered with the Sub – Registrar, Panvel	Plot No. 01 admeasuring 40,000 square meters situated at Village Chal, Taloja, Taluka Panvel.	<b>Rent:</b> Rs. 100/- p.a  <b>Premium:</b> Rs. 4,80,00,000/- [Rupees four crores eighty lacs only ]	60 years commencing from June 02, 2000	Factory
11.	Lease deed dated April 04, 1997 between Maharashtra Industrial Development Corporation (the "Lessor") and Galaxy Surfactants Limited (the "Lessee")	Plot No. RH-5 admeasuring 2725 square meters situated at residential zone of Tarapur Industrial Area, within the village limit of Saravli, Taluka and Registration Sub-district Palghar, District and Registration District	<b>Rent:</b> Rs. 1/- p.a  <b>Premium:</b> Rs. 5,50,000/- [Rupees five lacs and fifty thousand only]	95 years commencing from December 01, 1993	Residential

Sr. No.	Details of Agreement	Particulars of the property, description & area	Consideration	Tenure	Existing Usage
		Thane.			
12.	Leave and licence agreement dated December 01, 2007 between Mrs. Jayanthi Babu and Mr. Babu Iyer (the "Licensors") and Galaxy Surfactants Limited (the "Licensee")  Registered with the Sub – Registrar, Panvel	Flat No. 402, admeasuring 1013.19 square feet at Gini Plaza, "A" Wing, 4 <sup>th</sup> Floor, Plot No. D-13, Sector 6, New Panvel (East) – 410206	Rs. 10,000/- per month from December 01, 2007 to November 30, 2008; Rs. 11,000/- per month from December 01, 2008 to November 30, 2009; Rs. 12,100/- per month from December 01, 2009 to November 30, 2010	3 years commencing from December 01, 2007 to November 30, 2010	Residential
13.	Leave and licence agreement dated July 17, 2008 between Mr. Noshir Mistry (the "Licensor") and Galaxy Surfactants Limited (the "Licensee")  Registered with the Sub – Registrar, Thane	Flat No. 303, admeasuring 850 square feet at Kanakshree CHS Limited, Plot No. 15/6, Sector 11, Koparkhairane, Navi Mumbai – 400 709	Rs. 10,000/- per month from April 01, 2008 to March 31, 2009; Rs. 11,000/- per month from April 01, 2009 to March 31, 2010; Rs. 12,100/- per month from April 01, 2010 to March 31, 2011	3 years commencing from April 01, 2008 to March 31, 2011	Residential
14.	Leave and licence agreement dated December 19, 2008 between Mr. Atul V Prabhu (the "Licensor") and Galaxy Surfactants Limited (the "Licensee")  Registered with the Sub – Registrar, Panvel	Flat No. 504 admeasuring 882 square feet at Tower "A", Sector 12, Ashoka Residency, Kharghar Navi Mumbai	Rs. 13,000/- per month from January 01, 2009 to December 31, 2009, Rs. 14300/- per month from January 01, 2010 to December 31, 2010, Rs. 15,730/- per month from January 01, 2011 to December 31, 2011	3 years commencing from January 01, 2009 to December 31, 2011	Residential
15.	Leave and licence agreement dated February 21, 2009 between Mr. Vivek Jagasia (the "Licensor") and Galaxy Surfactants Limited (the "Licensee")  Registered with Sub Registrar, Panvel	Flat No. 1501 admeasuring 882 square feet at Tower No. 4, Ashoka Residency, Kharghar, Navi Mumbai	Rs. 13500/- per month from February 16, 2009 to February 15 2010 and Rs. 14850/- per month from February 16, 2010 to February 15, 2011	2 years commencing from February 16, 2009 to February 15, 2011	Residential
16.	Leave and licence agreement dated November 09, 2009 between Mr. Johns I Manglam through his attorney Mr. T. V. Cherian (the "Licensor") and M/s. Galaxy Surfactants Limited (the "Licensee")  Registered with Sub Registrar, Panvel	Flat No. B-102 admeasuring 87.154 square meters at Plot No. 4 & 4A, Sector 8, Karishma CHS, Kharghar, Navi Mumbai	Rs. 14,000/- per month from June 20, 2009 to June 19, 2010 and Rs. 15,400/- per month from June 20, 2010 to June 19, 2011	2 years commencing June 20, 2009 to June 19 2011	Residential
17.	Leave and Licence agreement dated December 12, 2008 between Mrs. Sunitha V Nair (the "Licensor") and	Flat No. 604 admeasuring 1738 square feet at B Wing, Sector 19, Plot 17 & 18, Rekhi Sai Daffodil Co-operative Housing	Rs. 10,000/- per month from April 01, 2008 to March 31, 2009; Rs. 11,000/- per month from April 01, 2009 to March	3 years commencing from April 01, 2008 to March 31, 2011	Residential

Sr. No.	Details of Agreement	Particulars of the property, description & area	Consideration	Tenure	Existing Usage
	Galaxy Surfactants Limited (the "Licensee").  Registered with Sub Registrar, Panvel	Society Kharghar, Navi Mumbai	31, 2010; Rs. 12,100/- per month from April 01, 2010 to March 31, 2011		
18.	Licenceship agreement dated August 31, 2007 between M/s. Dayson Potteries through Mr. Shiv Shakti Dayal (the "Licensor") and Galaxy Surfactants Limited (the "Licensee")	Ground floor covered area approx. 660 square feet with additional 80 square feet area for generator room using entrance from gate no. 5 in part of the factory block "5A", C-40, Okhla Industrial Area, Phase-II, New Delhi.	Rs. 9,500/- [Rupees nine thousand five hundred only] per month.	3 years commencing from September 01, 2007 to August 31, 2010	Warehouse
19.	Licenceship agreement dated August 31, 2007 between M/s. Dayson Fabricators through Mr. Shiv Shakti Dayal (the "Licensor") and Galaxy Surfactants Limited (the "Licensee")	Ground floor covered area approximately 465 square feet using entrance from gate No. 6 in part of the factory block "5A", C-40, Okhla Industrial Area, Phase-II, New Delhi.	Rs. 9,500/- [Rupees nine thousand five hundred only] per month	3 years commencing from September 01, 2007 to August 31, 2010	Office and Warehouse
20.	Licenceship agreement dated August 31, 2007 between Mrs. Neena Dayal (the "Licensor") and Galaxy Surfactants Limited (the "Licensee")	Ground floor covered area approximately 465 square feet using entrance from gate No. 6 in part of the factory block "5A", C-40, Okhla Industrial Area, Phase-II, New Delhi.	Rs. 9,500/- [Rupees Nine thousand five hundred only] per month	3 years commencing from September 01, 2007 to August 31, 2010	Office and Warehouse
21.	Licenceship agreement dated August 31, 2007 between Mrs. Shelina Dayal (the "Licensor") and Galaxy Surfactants Limited (the "Licensee")	Ground floor covered area approximately 465 square feet using entrance from gate No. 6 in part of the factory block "5A", C-40, Okhla Industrial Area, Phase-II, New Delhi.	Rs. 9,500/- [Rupees nine thousand five hundred only] per month	3 years commencing from September 01, 2007 to August 31, 2010	Office and Warehouse
22.	Licenceship agreement dated August 31, 2007 between M/s. Dayalson Industrial Engineers through Mr. Shiv Shakti Dayal (the "Licensor") and Galaxy Surfactants Limited (the "Licensee")	Ground floor covered area approximately 465 square feet using entrance from gate No. 6 in part of the factory block "5A", C-40, Okhla Industrial Area, Phase-II, New Delhi.	Rs. 9,500/- [Rupees nine thousand five hundred only] per month	3 years commencing from September 01, 2007 to August 31, 2010	Office and Warehouse

#### INTELLECTUAL PROPERTY:

##### Trademarks:

The following trademarks are registered in the name of our Company:

Sr. No.	Trade Mark / Trade Name	Trade Mark Number	Class	Date of Application	Date of Registration	Issuing Authority
1.	Galaxy SurfQuat	1045147	1	September 17, 2001	December 04, 2003	Registrar of Trade Marks, Trade Marks Registry, Mumbai

Sr. No.	Trade Mark / Trade Name	Trade Mark Number	Class	Date of Application	Date of Registration	Issuing Authority
2.	GALAXY SUNBEAT	1050435	1	October 08, 2001	February 21, 2005	Registrar of Trade Marks, Trade Marks Registry, Mumbai
3.	Galaxy TosyQuat	1045149	1	September 17, 2001	June 06, 2006	Registrar of Trade Marks, Trade Marks Registry, Mumbai
4.	Galaxy BanDruff	1264006	1	January 30, 2004	October 11, 2006	Registrar of Trade Marks, Trade Marks Registry, Mumbai
5.	Galaxy SterTile	1264007	1	January 30, 2004	January 20, 2007	Registrar of Trade Marks, Trade Marks Registry, Mumbai
6.	Galaxy Logo in Blue & White	1524261	1	January 24, 2007	October 10, 2008	Registrar of Trade Marks, Trade Marks Registry, Mumbai
7.	GALSORB	1560106	1	May 21, 2007	December 27, 2008	Registrar of Trade Marks, Trade Marks Registry, Mumbai
8.	Galaxy	1560107	1	May 21, 2007	December 27, 2008	Registrar of Trade Marks, Trade Marks Registry, Mumbai

The registration for the above mentioned trademarks / names of of our Company is for a period of ten (10) years from the date of the application and then may be renewed further after the expiry of the same.

#### Patents:

The following international patents are assigned in the name of our Company:

Sr. No.	Patent Subject Matter	Patent No.	Date of Application	Date of Registration	Authority
1.	Substantive water-soluble bis-quaternary salts of cinnamidoalkylamines.	US 6,426,435 B1	July 31, 2001	July 30, 2002	The Director of the United States Patents and Trademark Office.
2.	Substantive water-soluble 2-hydroxysulfobetaines of cinnamidoalkylamines	US 6,531,628 B1	March 22, 2002	March 11, 2003	The Director of the United States Patents and Trademark Office.
3.	Substantive hydrophobic cationic UV-absorbing compounds	US 6,613,340 B2	July 31, 2001	September 02, 2003	The Director of the United States Patents and Trademark Office.
4.	Process for manufacture of quaternary ammonium tosylate salts of cinnamidoalkylamines and/or benzamidoalkylamines	US 7,045,139 B2	October 08, 2003	May 16, 2006	The Director of the United States Patents and Trademark Office.
5.	Salt and heat sensitive, substantive UV-absorbing polymers	US 7,087,692 B2	November 27, 2002	August 08, 2006	The Director of the United States Patents and Trademark Office.
6.	UV-absorbing lipid vesicles	US 7,147,866 B2	September 29, 2004	December 12, 2006	The Director of the United States Patents and Trademark Office.
7.	Process for manufacture of quaternary ammonium tosylate salts of cinnamidoalkylamines and/or benzamidoalkylamines	US 7,205,436 B2	May 13, 2005	April 17, 2007	The Director of the United States Patents and Trademark Office.
8.	Aqueous composition of a betaine with solids content of at least 45% by weight	US 7,384,898 B2	December 13, 2004	June 10, 2008	The Director of the United States Patents and Trademark Office.
9.	Water-soluble anti-dandruff compounds and compositions thereof	US 7,518,005 B2	September 14, 2005	April 14, 2009	The Director of the United States Patents and Trademark Office.
10.	Amidobetaines for oral care applications	US 7,534,816 B2	January 06, 2006	May 19, 2009	The Director of the United States Patents and Trademark Office.

The term of the above mentioned patents assigned in the name of our Company is for a period of twenty (20) years from the date of the application, subject to any statutory extension.

The following domestic patents are registered in the name of our Company:

Sr. No.	Patent Subject Matter	Patent No.	Date of Application	Date of Registration	Authority
1.	Process for preparation of UV-absorbing, water- soluble, 2-hydroxy sulphobetaines of cinnamidoalkylamines.	197806	August 10, 2001	January 04, 2006	Controller of Patents, The Patent Office, Government of India
2.	Composition containing water-soluble 2-hydroxy sulfobetaines of cinnamidoalkylamines.	197810	September 28, 2001	January 05, 2006	Controller of Patents, The Patent Office, Government of India
3.	Composition for skin, hair and fabric care containing organic-soluble quaternary salts of cinnamidoalkylamines.	198319	February 23, 2001	January 17, 2006	Controller of Patents, The Patent Office, Government of India
4.	Process for manufacturing of water soluble, cationic, UV-absorbing organopolysiloxanes.	198330	August 10, 2001	January 17, 2006	Controller of Patents, The Patent Office, Government of India
5.	Process for preparation of UV-absorbing derivative of coconut oil.	198505	September 06, 2001	January 30, 2006	Controller of Patents, The Patent Office, Government of India
6.	Process for synthesis of di-quaternary salt of cinnamidoalkyl and aliphaticalkyl amines.	198753	December 27, 2000	February 06, 2006	Controller of Patents, The Patent Office, Government of India
7.	Composition containing di-quaternary salts of cinnamidoalkylamines and aliphaticalkyl amines.	198754	December 27, 2000	February 06, 2006	Controller of Patents, The Patent Office, Government of India
8.	Process for preparation of organic-soluble quaternary ammonium compound of cinnamidoalkylamines.	198757	January 23, 2001	February 06, 2006	Controller of Patents, The Patent Office, Government of India
9.	Process for manufacture of water-soluble, cationic, UV-absorbing polymers.	198759	April 24, 2001	February 06, 2006	Controller of Patents, The Patent Office, Government of India
10.	A composition for skin, hair and fabric care, containing water-soluble, substantive UV-absorbing polymers.	198766	October 03, 2002	February 06, 2006	Controller of Patents, The Patent Office, Government of India
11.	Process for manufacture of water-soluble cinnamidopropyl trimethyl ammonium tosylates.	203114	July 12, 2002	October 26, 2006	Controller of Patents, The Patent Office, Government of India
12.	Process for manufacture of <i>bis</i> -quaternary salts of cinnamidoalkylamines	204359	October 06, 2000	February 15, 2007	Controller of Patents, The Patent Office, Government of India
13.	Composition containing <i>bis</i> -quaternary salts of cinnamidoalkylamines.	204386	October 06, 2000	February 19, 2007	Controller of Patents, The Patent Office, Government of India
14.	A detergent composition.	205084	November 20, 2002	March 14, 2007	Controller of Patents, The Patent Office, Government of India
15.	Process for manufacture of water-soluble substantive UV-absorbing polymers.	205453	October 03, 2002	April 02, 2007	Controller of Patents, The Patent Office, Government of India
16.	Compositions containing quaternary ammonium compound.	207593	May 13, 2003	June 14, 2007	Controller of Patents, The Patent Office, Government of India
17.	Process for manufacture of quaternary ammonium tosylates of cinnamidoalkylamines and/or benzamidoalkylamines	207066	August 21, 2003	May 21, 2007	Controller of Patents, The Patent Office, Government of India
18.	Process to prepare multi-functional actives.	213568	August 26, 2003	January 08, 2008	Controller of Patents, The Patent Office, Government of India



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*The term of the above mentioned patents registered in the name of our Company is for a period of twenty (20) years from the date of the application.*

**Copyright:**

Copyright of artistic work of “Galaxy” (Logo) has been registered under the Copyrights Act, 1957 bearing registration number A-33183/81 dated June 22, 1981, in the name of our Group Entity, M/s. Galaxy Chemicals. The term of the copyright for the above mentioned artistic work is valid for a period of sixty (60) years from the date of the grant of the copyright. However, the same is used by us in absence of contractual agreement but through an informal mutual understanding between our Company and the Group Entity.

## KEY INDUSTRY REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The information detailed in this chapter has been obtained from the various local legislations and the bye laws of the respective local authorities which are available in the public domain. The regulations set out below are not exhaustive, and is only intended to provide general information to the Investors and is neither designed nor intended to be a substitute for professional legal advice.*

Our Company is engaged in the business of manufacturing, selling and exporting chemical products and is governed by a number of central and state legislations that regulate its business. Additionally, the Company is subject to and affected by certain foreign laws, particularly laws relating to intellectual property. In carrying on the business as described in the chapter titled “Our Business” on page 108 of the Draft Red Herring Prospectus, our Company is regulated by the following key legislations in India.

### **The Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945**

The Drugs and Cosmetics Act, 1940 regulates the import, manufacture, distribution and sale of drugs and cosmetics. In view of the provisions of this Act, no person can import, manufacture, distribute, stock and sell any drug, except under the licence granted for respective operations by the Authority notified under the said Act. The main functionaries under the Drugs and Cosmetics Act are the Licensing Authority and the Drug Inspector. While the Director of Food and Drugs Administration is empowered and notified as Licensing Authority to issue licences for different categories of business in drugs, the Assistant Drugs Controller acts as Supervisory officers and assists the Director in implementation of the above Act and Rules there under. The Act prescribes the standards for purity, identity and strength of drugs and cosmetics.

The Drugs and Cosmetics Rules, 1945 (the “DCA Rules”) have been enacted to give effect to the provisions of the DCA Act to regulate the, manufacture, distribution and sale of drugs and cosmetics in India. The DCA Rules prescribe the procedure for submission of report to the Central Drugs Laboratory, of samples of drugs for analysis or test, the forms of Central Drugs Laboratory’s reports thereon and the fees payable in respect of such reports. The DCA Rules also prescribe the drugs or classes of drugs or cosmetics or classes of cosmetics for the import of which a licence is required, and prescribe the form and conditions of such licences, the authority empowered to issue the same, the fees payable therefor. The DCA Rules provide for the cancellation or suspension of such licence in any case where any provisions or rule applicable to the import of drugs and cosmetic is contravened or any of the conditions subject to which the licence is issued is not complied with. The DCA Rules further prescribe the manner of labelling and packaging of drugs.

### **The Factories Act, 1948**

The Factories Act, 1948 (the “Factories Act”) seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. The Factories Act defines a ‘factory’ to cover any premises, which employs ten or more workers and in which manufacturing processes are carried on with the aid of power, and to cover any premises, where there are at least 20 workers who may or may not be engaged in an electrically aided manufacturing process. Each State Government has set out rules in respect of the prior submission of plans and its approval for the establishment of factories and registration and licensing of factories. The Factories Act also provides for the mechanisms for safety of certain equipment used in factories, procedures for periodic examination of equipment such as pressure vessels and lifting tackles, regulation of working conditions within the factories and includes specific provisions applicable to women and children employed in factories.

### **The Water (Prevention and Control of Pollution) Act, 1974 (“Act”)**

The Act provides for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of Boards for the prevention and control of water pollution, for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith. The Act defines “pollution” as such contamination of water or such alteration of the physical, chemical or biological properties of water or such discharge of any sewage or trade effluent or of any other liquid, gaseous or solid substance into water (whether directly or indirectly) as may, or likely to, create a nuisance or render such water harmful or injurious to public health or safety, or to domestic, commercial, industrial, agricultural or other legitimate uses, or to the life and health of animals or plants or of aquatic organisms. The Act envisages establishing a Central Board as well as State Board for Prevention and Control of Water Pollution.



Accordingly, the previous consent of the Board constituted under the Act must be obtained, for establishing or taking steps to establish operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land. Such previous consent is required for bringing into use any new or altered outlet for the discharge of sewage or for the new discharge of sewage. If at any place where any industry, operation or process, or any treatment and disposal system or any extension or addition thereto is being carried on, due to accident or other unforeseen act or event, any poisonous, noxious or pollution matter is being discharged, or is likely to be discharged into a stream or well or sewer or on land and, as a result of such discharge, the water in any stream or well is being polluted, or is likely to be polluted, then the person in charge of such place shall forthwith intimate the occurrence of such accident, act or event to the Board constituted under the Act and such other authorities or agencies as may be prescribed.

#### **The Air (Prevention and Control of Pollution) Act, 1981 (“Act”)**

The Act provides for the prevention, control and abatement of air pollution, for the establishment, with a view to carrying out the aforesaid purposes of Boards for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith.

The Act envisages establishing a Central Board as well as State Pollution Control Boards in each State. The Central Board constituted under Water (Prevention and Control of Pollution) Act, 1974, shall, without prejudice to its powers and functions under this Act, shall also exercise the powers and perform the functions of the Central Board under the Prevention and Control of Air Pollution. Similarly if in any State, the State Government has constituted for that State, a State Board for the Prevention and Control of Water Pollution, then such State Board shall be deemed to be the State Board for the Prevention and Control of Air Pollution and exercise the powers and perform the functions of the State Board for the Prevention and Control of Air Pollution also.

As per the Act, no person operating any industrial plant, in any air pollution control area (so declared under Section 19 of the Act) shall discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the Board constituted under the Act. Further, no person shall, without the previous consent of the Board constituted under the Act, establish or operate any industrial plant in an air pollution control area.

The Act further prescribes certain compliances with regard to the reporting and prevention of accidents. Thus, where in any area the emission of any air pollutant into the atmosphere in excess of the standards laid down by the Board constituted under the Act occurs or is apprehended to occur due to accident or other unforeseen act or event, the person in charge of the premises from where such emission occurs or is apprehended to occur shall forthwith intimate the fact of such occurrence or the apprehension of such occurrence to such Board and to such authorities or agencies as may be prescribed by the Act.

#### **The Environment (Protection) Act, 1986 (“Act”)**

The Act provides for the protection and improvement of environment and for matters connected therewith and is in pursuance of India’s participation in the United Nations Conference on the Human Environment held at Stockholm in June, 1972.

In keeping with its mandate, the Act provides for the constitution of Boards to regulate pollution levels and protect the environment, the formulation of rules with regard to environmental standards and imposes certain obligations. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environmental pollutant in excess of such standards as may be prescribed. Further, no person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed.

#### **The Manufacture, Storage and import of Hazardous Chemical Rules, 1989 (“Rules”)**

The Rules are formulated under the Environment (Protection) Act, 1986. The Rules are applicable to an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety.

Where a major accident occurs on a site or in a pipe line, the occupier shall forthwith notify the concerned authority and submit reports of the accident to the said authority.



Furthermore, an occupier shall not undertake any industrial activity unless he has submitted a written report to the concerned authority containing the particulars specified in the schedule to the Rules at least 3 months before commencing that activity or before such shorter time as the concerned authority may agree.

#### **Laws relating to Export Oriented Units (EOU)**

The EOU Scheme introduced in early 1981 is complementary to the SEZ scheme (erstwhile EPZ scheme). It adopts the same production regime but offers a wider option in location with reference to factors like source of raw materials, port of export, hinterland facilities, availability of technological skills, existence of an industrial base, and the need for a large area of land for the project.

The EOU scheme is, at present, governed by the provisions of the Export and Import (EXIM) Policy, (2009-2014) framed under the Foreign Trade Development and Regulation Act, 1992. Under this scheme, the units undertaking to export their entire production of goods are allowed to be set up. The EOU's basically function under the administrative control of the Development Commissioner of the Export Processing Zones, whose jurisdiction has been notified by the Ministry of Commerce.

The benefits enjoyed by an EOU Unit are as follows:

- No license required for import.
- Exemption from Central Excise Duty in procurement of capital goods, raw-materials, consumables spares etc. from the domestic market.
- Exemption from customs duty on import of capital goods, raw materials, consumables spares etc.
- Reimbursement of Central Sales Tax paid on domestic purchases.
- Supplies from DTA to EOUs treated as deemed exports.
- Reimbursement of duty paid on furnace oil, procured from domestic oil companies to EOUs as per the rate of drawback notified by the Directorate General of Foreign Trade.
- 100% Foreign Direct Investment permissible.
- Exchange earners foreign currency (EEFC) Account.
- Facility to retain 100% foreign exchange proceeds in EEFC Account.
- Facility to realize and repatriate export proceeds within twelve months.
- Further extension in time period can be granted by RBI and their authorized dealers.
- Re-export of imported goods found defective, goods imported from foreign suppliers on loan basis etc.
- Exemption from industrial licensing requirement for items reserved for SSI sector.  
Profits allowed to be repatriated freely without any dividend balancing requirement
- Access to Domestic Market upto 50% of FOB value of export on concessional rate of duty.  
Duty free goods to be utilized in two years. Further extension granted on liberal basis.
- Job work on behalf of domestic exporters for direct export allowed.
- Conversion of existing Domestic Tariff Area (DTA) unit into an EOU permitted.
- Can procure duty-free inputs for supply of manufactured goods to advance licence holders.
- Supply of ITA-I items in the domestic market which would be counted for fulfilment of NFE.

#### **Laws relating to Intellectual Property**

Our Company is engaged in manufacturing surfactants and specialty chemicals for home and personal care segment fulfilling needs of cleaning, beauty care and comfort. Some of the products are organic in nature. The Patents Act 1970, the Trademarks Act, 1999, and the Copyright Act, 1957, *inter alia*, are the laws governing the regulation of intellectual property, including patents, copyrights, trademarks, service marks, brand names, trade names and research works.

The Patents Act, 1970 grants exclusive right to the inventor for his invention for limited period of time. Generally twenty (20) years time has been granted to the patent holder but in case of inventions relating to manufacturing of food or drugs or medicine it is for seven years from the date of patent. Our Company possesses various domestic and international patents for its various products and process inventions which time to time filed in different nations.

Trademark Act, 1999 has made many things convenient for proprietor and the consumer of the goods. Trademark is protected under law. Trademark Act provides exclusive and monopoly right to the owner of the product. Trademark could be in the form of symbol, sign, word, mark or may be any combination. When any product or item comes into market then it contain some identification mark so that people could easily differentiate between two brands. Trademark is registered under The

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Trade Mark Act, 1999. This The Trademark Act, 1999 provides an exclusive right to the person to sell his goods under particular Trademark. According to Trademark Act, 1999 duration of registration is 10 years.

Copyright law protects expressions of ideas rather than the ideas themselves. Under the provisions of the Copyright Act 1957, copyright protection is conferred on literary works, dramatic works, musical works, artistic works, cinematograph films and sound recording. Copyright refers to a bundle of exclusive rights vested in the owner of copyright by virtue of the Act. These rights can be exercised only by the owner of copyright or by any other person who is duly licensed in this regard by the owner of copyright. These rights include the right of adaptation, right of reproduction, right of publication, right to make translations, communication to public etc. Copyright protection is conferred on all original literary, artistic, musical or dramatic, cinematograph and sound recording works. Copyright protection commences the moment a work is created.

For details on intellectual properties of our Company, please refer to paragraph titled “*Intellectual Properties*” in chapter titled “*Our Business*” on page 131 of the Draft Red Herring Prospectus.

Our Company has obtained various approvals from the State and Central authorities and regulators to carry on its business. These include approvals required for various units of the Company. For further details on the approvals required and obtained and the status of approvals, please refer to chapter titled “*Government/Statutory Approvals and Licenses*” on page 277 of the Draft Red Herring Prospectus

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## HISTORY AND CERTAIN CORPORATE MATTERS

### Our History:

Our Company was originally incorporated as “Galaxy Surfactants Private Limited”, under the provisions of the Companies Act, 1956, *vide* Certificate of Incorporation dated May 20, 1986 bearing registration number 39877, issued by the RoC. Subsequently, pursuant to a resolution passed at the meeting of the Board of Directors held on December 12, 1994, and a special resolution of the shareholders of our Company at the EGM held on January 24, 1995, our Company was converted into a public limited company and the name of our Company was changed from “Galaxy Surfactants Private Limited” to “Galaxy Surfactants Limited” and a certificate for change of name was issued by the RoC on March 13, 1995. The CIN of our Company is U39877MH1986PLC039877.

For details on the corporate profile of our Company *vis-à-vis* the description of the activities, products, market of each segment, the growth of our Company, the standing of our Company with reference to our prominent competitors, please refer to chapter titled “Our Business” on page 108 of the Draft Red Herring Prospectus.

### Changes in the Registered Office:

At the time of incorporation, our Registered Office was situated at A-1, Shaheen, 153-154, R. C. Marg, Chembur, Mumbai – 400 074. Pursuant to a special resolution passed by the shareholders at the EGM held on December 31, 1996, the registered office of our Company was changed to C-49/2, TTC Industrial Area, Pawne, Navi Mumbai – 400 703 to enable greater operational efficiencies.

### Acquisition of M/s. Galaxy Chemicals:

M/s. Galaxy Chemicals was manufacturing and processing chemicals required in the personal care and body care industry (the “Business”) and was situated at plot number W-44C, MIDC, Tarapur, Thane District, Maharashtra. Our Company has been engaged in manufacturing wide range of surfactants and specialty chemicals. Both the businesses were in operation as part of the Galaxy group. A consolidation of the M/s. Galaxy Chemicals and our Company was expected to lead to greater synergy in operations, resulting in more efficient utilisation of economic benefits, tax benefits and create a stronger base for future growth of business in general and our Company in particular.

Therefore, our Company (“GSL”), pursuant to resolution passed in the meeting of the Board of Directors held on January 04, 1995, executed an Agreement with M/s. Galaxy Chemicals on January 04, 1995 to acquire the said Business of M/s. Galaxy Chemicals (“GC”) as a going concern with all the rights and obligations attached thereto on the following terms and conditions:

1. GC shall sell to GSL the said Business with all the rights and obligations attached thereto, including but not limited to corporeal and incorporeal rights, all outstanding recoveries, rights and obligations under the pending contracts pertaining to the said Business, tenancies, licences, plant and machinery, office equipments, stocks of materials, stores, tools, stationery, benefits of registration with state and central government authorities, entitlements, claims, benefit of all judgements, decrees, claims pertaining to trademark “Galaxy” (which was however transferred and registered later in the name of GSL on December 27, 2008) on and with effect from February 20, 1995 (the “Effective Date”).
2. The total consideration for the sale and transfer of the said Business shall be Rs. 14,400,000/- of which Rs. 7,500,000 to be paid on or before the Effective Date and the balance shall be paid on or before March 31, 1995
3. GSL shall, on and from the Effective Date, take over all the employees of GC with continuity of service and on the terms and conditions not less favourable than those enjoyed by them before the Effective Date.
4. GSL shall pay and satisfy all the trade liabilities of GC as on the Effective Date and will keep GC indemnified from the trade and other liabilities that will be taken over by GSL, all actions, proceedings, costs, claims and demands in respect thereof. However, GC shall bear the liability for income tax, other taxes in relation to the said business of GC and other liabilities not agreed to be taken over and indemnify and keep indemnified GSL against liability in respect thereof.
5. GSL shall be entitled to all benefits and responsible for discharging the obligation to pay the disputes and claims pending before the revenue authorities. GSL undertakes to defend all the litigations and future litigations in respect

thereof at its own cost for the same. GC shall execute a power of attorney in favour of GSL. GSL shall indemnify and hold GC harmless against the claims or demands and costs, charges and expenses which GC may incur after the Effective Date in connection herewith.

6. For the purpose of execution of the pending contracts of the said Business, GSL may continue the said Business of GC in the name “*Galaxy Chemicals (a division of Galaxy Surfactants Limited)*”. However, the trademark “Galaxy” owned by GC shall not be transferred by virtue of this agreement (which was however transferred and registered later in the name of GSL on December 27, 2008).

#### Valuation

PARTICULARS	1993-94	1994-95	1995-96
	Actuals	Estimate	Projected
	Rs.	Rs.	Rs.
Profit Before Tax	2,292,019	4,200,000	6,400,000
<b>ADD:</b> Expenses not connected with business			
Donation	50,000		
Truck expenses		360,000	
Interest on Truck Loan		120,000	
Premises Expenses - Bombay	200,000	200,000	
Premises Expenses - Tarapur	12,000	12,000	
Depreciation on Truck		200,000	
Depreciation on Premises	75,000	75,000	
<b>Sub-Total</b>	<b>2,629,019</b>	<b>5,167,000</b>	<b>6,400,000</b>
<b>LESS:</b> Income not connected with the business transferred			
Rent & Hire Charges	(312,000)	(312,000)	
Truck Freight Charges		(635,000)	
<b>Adjusted profit of the business</b>	<b>2,317,019</b>	<b>4,220,000</b>	<b>6,400,000</b>
<b>Total profit (3 Years)</b>	<b>12,937,019</b>		
Average Maintainable Profit (Before Tax)	4,312,340		
Tax @ 40%	1,724,936		
Maintainable Profit (After Tax)	2,587,404		
Capitalised @ 18%	14,374,466		
<b>Rounded Off</b>	<b>14,400,000</b>		

#### Schemes of Amalgamation:

##### Scheme of Amalgamation of Galaxy Organics Private Limited (GOPL) with our Company:

Our Company, pursuant to a resolution passed at the meeting of the Board of Directors held on February 09, 1995, entered into a scheme of amalgamation with GOPL. The High Court of Judicature at Bombay sanctioned the scheme of arrangement in the nature of amalgamation under the provisions of Sections 391 and 394 of the Companies Act, (the “*Scheme of Amalgamation*”) vide its orders dated September 28, 1995 with effect from April 01, 1994 (the “*Appointed Date*”).

##### *Rationale for the Amalgamation*

The business activity of GOPL was to manufacture / trade in surface active agents of Anionic, Nonionic, Cationic and Amphoteric nature, Textile Chemicals and Auxiliaries, Paint Chemicals and Auxiliaries, Explosive and Resins, Perfumery Chemicals and intermediaries, Perfumes of natural and synthetic origin, Essential oils, Dye intermediaries and Dyestuff of natural and synthetic origin, Pigments and colours.

GOPL and our Company were engaged in similar business operations as part of the Galaxy group, except that GOPL was mainly on batch process manufacturing and our Company was on continuous and batch process manufacturing. A consolidation of GOPL and our Company was therefore expected to lead to greater synergy in operations, resulting in more efficient utilisation of economic benefits, tax benefits, and create a stronger base for future growth of business in general and our Company in particular. Therefore, a Scheme of Amalgamation was formulated to result in administrative rationalization and organizational efficiencies.

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### *Summary of the Scheme*

A summary of the terms and conditions of the scheme are as follows:

1. The entire undertaking of GOPL including all its properties, movable, immovable and assets such as leases, tenancy rights, licences, permits, quotas, trademarks, patents, benefits of all contracts, deeds, agreements and all other interests, rights, powers of every kind, nature and description whatsoever shall be transferred to Galaxy Surfactants Limited with effect from the Appointed Date.
2. All the debts, liabilities, duties and obligations of GOPL shall be transferred to our Company with effect from the Appointed Date.
3. All contracts, deeds, bonds, agreements, and other documents and instruments to which GOPL is a party subsisting or having effect immediately before the amalgamation shall remain in force and effect against or in favour of our Company.
4. From the Appointed Date till the date on which the necessary certified copies of the order under Section 391 and 394 of the Companies Act, 1956 are duly filed with the Registrar of Companies (the "*Effective Date*"), GOPL shall stand possessed of all its properties and assets in trust for our Company.
5. From the Appointed Date till the Effective Date, the property or assets shall not without the written concurrence of our Company be alienated, charged or encumbered by GOPL, save and except in the ordinary course of business.
6. Any income or profit accruing to GOPL and all costs, charges, and expenses incurred or loss arising or incurred by GOPL on or after the Appointed Date upto Effective Date shall for all purpose be treated as the income, profits, costs, charges and expenses and losses, as the case may be of our Company;
7. All the staff, workmen and other employees of GOPL, will be the staff, workmen and employees of our Company without any break or interruption of service and on the terms of the Scheme of Amalgamation and the terms and conditions of service applicable to the staff, workmen and employees shall not be less favourable than those applicable to them before transfer;
8. All actions and legal proceedings pending by or against the GOPL shall be continued and enforced by or against our Company.
9. Our Company shall allot equity shares of an aggregate value of Rs. 15,530,630/- divided into 1,553,063 equity shares of Rs. 10/- each in the ratio of fifteen (15) fully paid up Equity Shares of Rs. 10/- each at par to the shareholders of GOPL for every four (4) fully paid up equity share of Rs. 10/- each held in GOPL.
10. On the Scheme of Amalgamation becoming effective, GOPL shall stand dissolved without winding up.

### *Valuation of shares*

The valuation of the shares of GOPL and our Company for determining the share exchange ratio for the purpose of Scheme of Amalgamation of GOPL with our Company was done after taking into consideration relevant factors like Net Asset Value based market value of the shares and Earnings Method which considered current performance indicators and growth prospects indicated by the management for the immediately succeeding two (2) years.

The valuation for the amalgamation was based on combination of two (2) methods i.e., Net Assets Method and the Earnings Method and averaging the value arrived there from. The Net Asset Method calculates the value of shares by dividing the Net Assets value arrived at after considering the assets at market value after netting of the liabilities with the number of shares. The Earnings Method calculates the value of shares by capitalizing the average estimated earnings after tax for a given period of five (5) years with the expected / desired returns which was taken at 15%. The earning estimates were based on current indicators and immediate growth prospects.

Based on the above, the valuers, M/s Saraf Associates, Chartered Accountants suggested a share exchange ratio of fifteen (15) equity shares of Rs.10/- each fully paid-up of our Company for every four (4) Equity Shares of Rs.10/- each of GOPL. A description of the valuation is as follows:

#### MARKET VALUE BASED ON AVERAGE OF YIELD BASIS & ASSET BASIS

PARTICULARS	Our Company	GOPL
Market value on assets basis (Rs.) (per share)	54.35	69.50
Market value on yield basis (Rs.) (per share)	65.45	56.58
Average value (Rs.) (per share)	59.90	63.04
Number of shares after Bonus	1,166,400	
Average value after Bonus (Rs.) (per share)	24.96	
Number of shares after bonus and rights	2,624,400	
Average value after rights at par (Rs.)	16.65	
Exchange ratio for 4 shares of GOPL	15.15	
Rounded off to	15.00	
Total shares to be issued to GOPL	1,553,063	
Total shares after merger	4,177,463	

#### Scheme of Amalgamation of Galaxy Oleo-Chem (India) Limited (GOIL) with our Company:

Our Company, pursuant to a resolution passed at the meeting of the Board of Directors held on December 14, 2000 and a special resolution passed by the shareholders of our Company at the EGM held on February 09, 2001, entered into a Scheme of Amalgamation with GOIL. The High Court of Judicature at Bombay sanctioned the scheme of arrangement in the nature of amalgamation under the provisions of Section 391 and 394 of the Companies Act (the “Scheme of Amalgamation”) vide its orders dated April 26, 2001 with effect from April 01, 2000 (the “Appointed Date”).

GOIL was listed on the OTC Exchange of India (“OTCEI”) since April 19, 1995. However, subsequent to the Scheme of Amalgamation, OTCEI vide its letter dated November 29, 2001 approved the delisting of shares with effect from November 29, 2001.

#### *Rationale for the Amalgamation*

GOIL was engaged in the business of production of Sodium Lauryl Sulphate in dried form used as a foaming agent. The manufacturing operation was essentially drying of Sodium Lauryl Sulphate in liquid form. Our Company has been engaged in manufacturing wide range of surfactants and specialty chemicals. Both the businesses were in operation as part of the Galaxy group. A consolidation of the GOIL and our Company was expected to lead to greater synergy in operations, resulting in more efficient utilisation of economic benefits, tax benefits and create a stronger base for future growth of business in general and our Company in particular. Therefore, a Scheme of Amalgamation was formulated to result in administrative rationalization and organizational efficiencies.

#### *Summary of the Scheme*

A summary of the terms and conditions of the scheme are as follows:

- The Scheme envisages the transfer of the Undertaking (as defined below) of GOIL to Galaxy Surfactants Limited pursuant to Section 391 and 394 of the Companies Act 1956 and other relevant provisions of the Companies Act 1956 in the manner provided in the Scheme, and the consequent issue of Equity Shares by Galaxy Surfactants Limited to the shareholders of the GOIL as per the share exchange ratio.
- “Effective Date” shall mean the date on which the certified copies of the order under Section 391 and 394 of the Companies Act, 1956 are duly filed with the Registrar of Companies.
- “Undertaking” shall mean:
  - all the assets and properties of GOIL as on the Appointed Date;
  - all the debts, liabilities, duties and obligations of GOIL as on the Appointed Date;
  - without prejudice to the generality of sub – clause (a) above, the undertaking of GOIL shall include all its reserves, movable and immovable properties, assets, including lease – hold rights, tenancy rights, industrial and other licenses, permits, authorizations, quota rights, trade marks, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile and other communication facilities and equipments, rights and benefits of all agreements and all other communication facilities and equipments, rights and benefits of all agreements and all

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other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals.

The Scheme *inter alia* also provides that:

1. The Undertaking of the GOIL shall, without any further act or deed, stand transferred to and vested in, or deemed to have been transferred to or vested in our Company;
2. All contracts, deeds, agreements and other instruments of whatever nature to which GOIL is a party subsisting or having effect immediately before the Effective Date shall remain in full force against or in favour of our Company;
3. All actions and legal proceedings of the GOIL shall be continued, prosecuted and enforced against our Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against our Company;
4. All the staff, workmen and other employees in the service of GOIL immediately before the transfer of the undertaking under the scheme shall become the staff, workmen and employees of our Company on a continuous and uninterrupted basis and on the terms and conditions not less favourable than those applicable to them immediately before the transfer;
5. With effect from the Appointed Date and upto the Effective Date, GOIL shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for our Company;
6. From the Appointed Date till the Effective Date, the undertaking shall not without the written concurrence of our Company be alienated, charged or encumbered by the GOIL save and except in the ordinary course of business.
7. With effect from the Effective Date, our Company shall subject to the provision of the Scheme of Amalgamation and without any further application or deed, issue at par and allot one (1) Equity Share of Rs. 10/- each fully paid up and four (4) 12% Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up (redeemable at par, at the expiry of three years from the date of allotment) to the shareholders of GOIL for every two (2) equity shares of face value of Rs. 10/- held by them in GOIL;

#### *Valuation of shares*

The valuation of the shares of GOIL and our Company for determining the share exchange ratio for the purpose of Scheme of Amalgamation of GOIL with our Company was done after taking into consideration Book Value of the Shares Method and Earnings Method which considered current performance indicators and growth prospects indicated by the management for the immediately succeeding two (2) years.

Market price method was not considered as only one Company, GOIL, was listed on OTCEI, the shares were hardly traded and also the market value was less than the Book Value. Net Asset Value Method was also not considered as the amalgamation was on going concern basis and earnings capability.

The valuation for the amalgamation was based on combination of two (2) methods i.e., Book Value of Shares Method and the Earnings Method and averaging the value arrived there from. The Book value of Shares Method calculates the value of shares by dividing the Net Worth with the number of shares. The Earnings Method calculates the value of shares by capitalizing the average estimated earnings after tax for a given period of three (3) to five (5) years with the expected / desired returns. The earnings estimates were based on current indicators and immediate growth prospects.

Based on the above, the valuers, M/s. Saraf Associates, Chartered Accountants, suggested an indicative share exchange ratio of one (1) equity share of Rs. 10/- each fully paid and four (4) 12% cumulative redeemable preference shares of Rs.10/- each fully paid-up (redeemable at par, at the expiry of three years from the date of allotment) of our Company for every two (2) equity shares of the face value of Rs.10/- each of GOIL.



## Main Objects of our Company:

The main object of our Company, as contained in our MOA, is as set forth below:

*“To carry on business as manufacturers, agents and traders in Surface Active Agents of Anionic, Cationic, Nonionic and Amphoteric nature, Textile chemicals and Auxiliaries, Leather chemicals and Auxiliaries, Paint chemicals and Explosives and Resins, Perfumery chemicals and Intermediates, Perfumes of Natural and Synthetic Origin, Pharmaceuticals and Drugs of Natural and Synthetic origin, Essential oils, Pharmaceuticals and Drug Intermediaries, Dye Intermediates and Dyestuffs of Natural and Synthetic origin, Pigments and colours.”*

The main object of our Company and objects incidental or ancillary to the main objects enables our Company to undertake its existing activities and the activities for which the funds are being raised by our Company through this Issue.

## Changes in Memorandum of Association since Incorporation:

Date of Shareholder's Approval	Changes in the Memorandum of Association
August 26, 1986	<b>Alteration in Capital Clause:</b> The authorised share capital of our Company was increased from 50,000 Equity Shares of Rs. 10/- each aggregating to Rs. 500,000/- to 150,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1,500,000/-
September 30, 1993	<b>Alteration in Capital Clause:</b> The authorised share capital of our Company was increased from 150,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1,500,000/- to 1,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 10,000,000/-
December 28, 1994	<b>Alteration in Capital Clause:</b> The authorised share capital of our Company was increased from 1,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 10,000,000/- to 10,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 100,000,000/-
January 24, 1995	<b>Alteration in Name Clause:</b> The name of our Company was changed from Galaxy Surfactants Private Limited to Galaxy Surfactants Limited
December 29, 1995	<b>Alteration in Capital Clause:</b> The authorised share capital of our Company of Rs. 100,000,000/- was reclassified into 7,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 70,000,000/- and 3,00,000 preference shares of Rs. 100/- each aggregating to Rs. 30,000,000/-.
September 23, 1996	<b>Alteration in Capital Clause:</b> The authorised share capital of our Company was increased from 7,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 70,000,000/- to 12,000,000 Equity Shares aggregating to Rs. 120,000,000/-. The total authorized capital aggregates to 12,000,000 Equity Shares aggregating to Rs. 120,000,000/- and 3,00,000 preference shares of Rs. 100/- each aggregating to Rs. 30,000,000/-.
September 26, 1997	<b>Alteration in Capital Clause:</b> The authorised share capital of our Company was increased from 12,000,000 Equity Shares aggregating to Rs. 120,000,000/- and 300,000 preference shares of Rs. 100/- each aggregating to Rs. 30,000,000/- to 15,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 150,000,000/- and 500,000 preference shares of Rs. 100/- each aggregating to Rs. 50,000,000/-
March 25, 1998	<b>Alteration in Capital Clause:</b> The authorised share capital of our Company was increased from 500,000 preference shares of Rs. 100/- each aggregating to Rs. 50,000,000/- to 1,000,000 preference shares of Rs. 100/- each aggregating to Rs. 100,000,000/-. The total authorized capital aggregates to 1,000,000 preference shares of Rs. 100/- each aggregating to Rs. 100,000,000/- and 15,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 150,000,000/-
May 31, 2001	<b>Alteration in Capital Clause:</b> Sub-division of 1,000,000 preference shares of Rs. 100/- to 10,000,000 preference shares of Rs. 10/- each
July 19, 2008	<b>Alteration in Capital Clause:</b> The authorised share capital of our company was re-classified by converting 10,000,000 preference shares of Rs. 10/- each into 10,000,000 Equity Shares of Rs. 10/- each making the total Equity Share capital to Rs. 250,000,000 comprising of 25,000,000 Equity Shares of Rs. 10/- each
October 24, 2009	<b>Alteration in Capital Clause:</b>



Date of Shareholder's Approval	Changes in the Memorandum of Association
	The authorised share capital of our company was increased from 25,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 250,000,000/- to 50,000,000 Equity Shares of Rs. 10/- each aggregating to 500,000,000/-

#### Major Events and Milestones:

Year	Major Events / Milestones
1986	Incorporation of our Company
1995	Acquisition of M/s. Galaxy Chemicals
1995	Conversion of our Company from private to public company
1995	Amalgamation of GOPL with our Company
1997	First sulfonation plant set up at Taloja
1999	Launch of first international office in Bangkok, Thailand, for serving Asia-Pacific Region
2001	Amalgamation of GOIL with our Company
2003	GC US became our Subsidiary
2004	Setting up of first EOU at Taloja
2008	GHML became our Subsidiary
2009	GC Egypt became our Step down Subsidiary
2009	Rainbow Holdings became our Step down Subsidiary
2009	A joint venture was formed in June 2009 by Mr. Gerd Dahms, Mr. Sebastian Dahms, Dr. Andreas Jung and Rainbow Holdings GmbH acquiring shares of OTC GmbH and TRI-K.
2009	TRI-K became our Step down Subsidiary
2009	Maybrook became our Step down Subsidiary
2010	Share Purchase and Transfer and Settlement Agreement was executed by and between Mr. Gerd Dahms, Mr. Sebastian Dahms, Dr. Andreas Jung, OTC GmbH, Deutsche Immo Invest GmbH, Rainbow Holdings GmbH, our Company, Galaxy Holdings (Mauritius) Limited, and TRI-K in order to terminate the joint venture and settle the mutual claims and obligations incurred during the term of the joint venture.

#### Awards, Achievements and Certifications:

Year	Awards / Achievements / Certifications
2001	Our Company was certified as <i>"Approved Supplier"</i> of Sodium Lauryl Ether Sulphate by Hindustan Unilever Limited and has been assessed and found to be in accordance to the quality requirement as per Hindustan Lever Limited standards.
2003	Our Company was certified as <i>"Preferred Supplier"</i> of Sodium Lauryl Sulphate by Colgate – Palmolive (India) Limited
	Our Company was accorded <i>"TPM Excellence – First Category"</i> by Japan Institute of Plant Maintenance, Japan, for our unit situated at Taloja.
2008	Our Company was accorded <i>"Special Award for TPM Achievement"</i> by Japan Institute of Plant Maintenance, Japan, for units situated at Taloja and Tarapur.
2009	Our Company was accorded a Certificate of Appreciation from L'Oreal India for outstanding performance based on L'Oreal evaluation tool.
	Our Company was accorded <i>"Certificate of Merit 2008 - Manufacturing Category"</i> in the IMC Ramkrishna National Quality Award 2008.
	Our Company was accorded Certificate of Appreciation for presentation in the competition organised on <i>"Best HR Practices"</i> by National Institute of Personal Management, Raigad.
	Our Company has been recognised as <i>"Trading House"</i> by the office of Zonal Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India.
2010	Our Company has been certified as <i>"ISO 9001: 2008"</i> by Bureau Veritas Certification (India) Private Limited for our Registered Office and units situated at Taloja and Tarapur.
2010	Our Company has been accorded <i>"Gold Award"</i> under the Large Scale Sector, Chemicals Panel, for outstanding export performance for the year 2007 - 2008 by CHEMEXCIL.
2010	Our Company has been accorded <i>"Long Term Association"</i> Award by Hindustan Unilever Limited (HUL) in the Oils and Chemicals Category.

## Time and Cost Overrun

There has been no time and cost overrun since the incorporation of our Company upto the date of Draft Red Herring Prospectus.

## Defaults or Rescheduling of borrowing with FIs / banks, conversion of loans into equity

There have been no defaults or rescheduling of borrowing with FIs / banks, conversion of loans into equity as on the date of the Draft Red Herring Prospectus.

## Lock-out, Strikes etc

There have been no lock-outs, strikes etc. during the last five years preceding the date of the Draft Red Herring Prospectus.

## Changes in the activities of our Company during the last five years

Except as otherwise stated in chapter titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, on pages 108 and 249, respectively, there have been no changes in the activities of our Company during the last five years preceding the date of the Draft Red Herring Prospectus, which may have had a material adverse effect on our profit or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

## Members

As on date of the Draft Red Herring Prospectus, there are 2,501 members (including shareholders holding shares in different folios) of our Company. For more details, on shareholding of members, please refer to chapter titled “Capital Structure” on page 65 of the Draft Red Herring Prospectus.

## SUBSIDIARIES

Our Company currently has six (6) subsidiaries as on the date of Draft Red Herring Prospectus.

### 1. Galaxy Chemicals Inc., US (“GC US”)

#### Corporate Structure:

GC US was incorporated on April 24, 2003 as a limited liability company, *vide* certificate of incorporation bearing number NJ Corp # 0100902918. The registered office of GC US is situated at 151, Veterans Drive, PO Box 128, Northvale, New Jersey 07647, USA. GC US is promoted by our Company and is engaged, *inter alia*, in the business of liasoning and marketing of chemicals for home and personal care industry.

#### Board of Directors:

The Board of Directors of GC US as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of Directors	Designation
1.	Mr. Unnathan Shekhar	Chairman
2.	Mr. Gopalkrishnan Ramakrishnan	Director
3.	Mr. Shashikant Rayappa Shanbhag	Director
4.	Mr. Sudhir Dattaram Patil	Director

#### Shareholding Pattern:

The equity shares of GC US are not listed on any stock exchange. The shareholding pattern of GC US as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of shareholders	No. of shares of \$ 0.01 <sup>#</sup> each	Percentage of Shareholding (%)
1.	Galaxy Surfactants Limited	12,000	100
	<b>Total</b>	<b>12,000</b>	<b>100</b>

<sup>#</sup> For details regarding the exchange rates and currency of presentation, please refer to chapter titled “Certain Conventions, Presentation Of Financial, Industry and Market Data” on page 10 of the Draft Red Herring Prospectus.

### Financial Performance:

The audited financial accounts of GC US for the last three (3) years are as follows:

<i>(Rs. in mn, except per share data)</i>			
Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010
Equity Share Capital	Negligible	Negligible	Negligible
Reserves and Surplus (Excluding Revaluation Reserve)	5.15	7.57	7.29
Total Income	17.50	27.61	28.70
Profit/(Loss) after Tax	1.20	0.96	0.62
Earnings / (Loss) Per Share (Basic / Diluted) (in Rs.)	99.99	80.39	51.47
Miscellaneous Expenditure (to the extent not written off or adjusted)	NIL	NIL	NIL
Net Worth	5.15	7.58	7.29
Net Asset Value or Book value per share (in Rs.)	429.37	631.69	607.81

## 2. Galaxy Holdings (Mauritius) Limited (“GHML”)

### Corporate Structure:

GHML was incorporated on October 02, 2008 as a private company limited by shares, by Registrar of Companies, Republic of Mauritius as “Galaxy Holdings (Mauritius) Limited” *vide* certificate of incorporation bearing number 084068 C1/GBL. The registered office of GHML is situated at Level 11, One Cathedral Square, Port Louis, Mauritius. GHML is promoted by our Company and is engaged, *inter alia*, in the business of making investments in downstream companies engaged in manufacturing / marketing of surfactants and specialty chemicals for Personal and Home Care industry.

### Board of Directors:

The Board of Directors of GHML as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of Directors	Designation
1.	Mr. Amal Autar	Director
2.	Mr. Sookraj Seechurn	Director
3.	Mr. Uday Krishna Kamat	Director

### Shareholding Pattern:

The equity shares of GHML are not listed on any stock exchange. The shareholding pattern of GHML as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of shareholders	No. of shares of \$1 <sup>#</sup> each	Percentage of Shareholding (%)
1.	Galaxy Surfactants Limited	500,000	100
	<b>Total</b>	<b>500,000</b>	<b>100</b>

<sup>#</sup> For details regarding the exchange rates and currency of presentation, please refer to chapter titled “Certain Conventions, Presentation Of Financial, Industry and Market Data” on page 10 of the Draft Red Herring Prospectus.

Further, our Company holds 12,350,000 preference shares of \$1 each of GHML.

### Financial Performance:

Since GHML has become the subsidiary of our Company with effect from October 02, 2008, the financial performance of GHML is available for the period from October 02, 2008 to March 31, 2009 and Fiscal 2010. The audited financial accounts of GHML for the period ended March 31, 2009 and Fiscal 2010 are as follows:

<i>(Rs. in mn, except per share data)</i>		
Particulars	Period ended March 31, 2009	Fiscal 2010
Equity Share Capital	0.10	23.73

Particulars	Period ended March 31, 2009	Fiscal 2010
Reserves and Surplus (Excluding Revaluation Reserve)	(0.57)	(10.84)
Total Income	NIL	15.62
Profit/(Loss) after Tax	(0.52)	4.98
Earnings / (Loss) Per Share (Basic) (in Rs.)	(523,879)	12.58
Earnings / (Loss) Per Share (Diluted) (in Rs.)	(696.01)	12.56
Miscellaneous Expenditure (to the extent not written off or adjusted)	NIL	NIL
Net Worth	(0.48)	12.88
Net Asset Value or Book value per share (in Rs.)	(477,275)	25.76

### 3. Galaxy Chemicals (Egypt) S.A.E (“GC Egypt”)

#### Corporate Structure:

GC Egypt was incorporated on July 14, 2009 as a joint stock company limited by shares, by General Authority for Investments and Free Zones, Egypt *vide* the Incorporation Decree No. 1674 dated July 13, 2009. The registered office of GC Egypt is situated at Plot No. 9, Block M, The Public Free Zone, Attaka, Suez, Egypt. GC Egypt is promoted by our Company and is engaged, *inter alia*, in the business of manufacturing surfactants and specialty chemicals. GC Egypt being a subsidiary of Galaxy Holdings (Mauritius) Limited, has become the subsidiary of our Company.

#### Board of Directors:

The Board of Directors of GC Egypt as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of Directors	Designation
1.	Mr. Uday Krishna Kamat	Chairman
2.	Mr. Vaijanath Kulkarni	Managing Director
3.	Mr. Unnathan Shekhar	Director
4.	Mr. Shashikant Rayappa Shanbhag	Director
5.	Mr. Babu Iyer	Director

#### Shareholding Pattern:

The equity shares of GC Egypt are not listed on any stock exchange. The shareholding pattern of GC Egypt as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of shareholders	No. of shares of \$1 <sup>#</sup> each	Percentage of Shareholding (%)
1.	Galaxy Holdings (Mauritius) Limited	13,999,998	99.99
2.	Mr. Uday Krishna Kamat*	1	Negligible
3.	Mr. Babu Iyer*	1	Negligible
	<b>Total</b>	<b>14,000,000</b>	<b>100</b>

\* Mr. Uday Krishna Kamat and Mr. Babu Iyer are holding shares on behalf of Galaxy Holdings (Mauritius) Limited.

<sup>#</sup> For details regarding the exchange rates and currency of presentation, please refer to chapter titled “Certain Conventions, Presentation Of Financial, Industry and Market Data” on page 10 of the Draft Red Herring Prospectus.

#### Financial Performance:

Since GC Egypt has become the subsidiary of our Company with effect from July 14, 2009, the financial performance of GC Egypt is available for the period from July 14, 2009 to March 31, 2010. The audited financial accounts of GC Egypt for the period ended on March 31, 2010 are as follows:

Particulars	(Rs. in mn, except per share data) For the period ended on March 31, 2010
Equity Share Capital	200.47
Reserves and Surplus (Excluding Revaluation Reserve)	(7.44)

Particulars	For the period ended on March 31, 2010
Total Income	NIL
Profit/(Loss) after Tax	NIL
Earnings / (Loss) Per Share (Basic / Diluted) (in Rs.)	NIL
Miscellaneous Expenditure (to the extent not written off or adjusted)	NIL
Net Worth	193.03
Net Asset Value or Book value per share (in Rs.)	24.13

#### 4. Rainbow Holdings GmbH (“Rainbow Holdings”)

##### Corporate Structure:

Rainbow Holdings was incorporated on April 21, 2009 as a limited liability company in the name of “Jade.914 GmbH” and was registered with the commercial register of the local court of Charlottenburg under HRB 119556B. The name of Rainbow Holdings was changed from “Jade.914 GmbH” to “Rainbow Holdings GmbH” on June 19, 2009 and was registered with commercial register of the local court of Düsseldorf under HRB 61425. The registered office of Rainbow Holdings is situated at C/o Raupach & Wollert-Elmendorff, Schwannstrasse 6, 40476, Düsseldorf, Germany. Galaxy Holdings (Mauritius) Limited acquired 100% shareholding of Rainbow Holdings from VRB Vorratsgesellschaften GmbH on June 19, 2009. Rainbow Holdings being a subsidiary of Galaxy Holdings (Mauritius) Limited, has become the subsidiary of our Company with effect from June 19, 2009. Rainbow Holdings is currently engaged, *inter alia*, in the business of holding investments in downstream subsidiary companies.

##### Board of Directors:

The Board of Directors of Rainbow Holdings as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of Directors	Designation
1.	Mr. Uday Krishna Kamat	Managing Director

##### Shareholding Pattern:

The equity shares of Rainbow Holdings are not listed on any stock exchange. The shareholding pattern of Rainbow Holdings as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of shareholders	No. of shares of EUR 1 <sup>#</sup> each	Percentage of Shareholding (%)
1.	Galaxy Holdings (Mauritius) Limited	25,000	100
	<b>Total</b>	<b>25,000</b>	<b>100</b>

<sup>#</sup> For details regarding the exchange rates and currency of presentation, please refer to chapter titled “Certain Conventions, Presentation Of Financial, Industry and Market Data” on page 10 of the Draft Red Herring Prospectus.

##### Financial Performance:

Since Rainbow Holdings, a subsidiary of Galaxy Holdings (Mauritius) Limited, has become the subsidiary of our Company with effect from June 19, 2009, the financial performance of Rainbow Holdings is available for the period from June 19, 2009 to March 31, 2010. The audited financial accounts of Rainbow Holdings for the period ended on March 31, 2010 are as follows:

(Rs. in mn, except per share data)	
Particulars	For the period ended on March 31, 2010
Equity Share Capital	1.68
Reserves and Surplus (Excluding Revaluation Reserve)	(25.10)
Total Income	NIL
Profit/(Loss) after Tax	(34.46)
Earnings / (Loss) Per Share (Basic / Diluted) (in Rs.)	(1378.40)
Miscellaneous Expenditure (to the extent not written off or adjusted)	NIL
Net Worth	(23.43)

Net Asset Value or Book value per share (in Rs.)	(937.10)
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## 5. TRI-K Industries, Inc (“TRI-K”)

### Corporate Structure:

TRI-K was incorporated on March 22, 1974 *vide* certificate of incorporation bearing NJCorp number 8948946400 as “Kemira Speciality, Inc” which was subsequently changed to “TRI-K Industries, Inc” on November 19, 2008. The registered office of TRI-K is situated at 151, Veterans Drive, PO Box 128, Northvale, New Jersey 07647, USA. TRI-K became a subsidiary of Rainbow Holdings with effect from July 01, 2009 and an associate company of Galaxy Holdings (Mauritius) Limited with effect from March 25, 2010. By virtue of the above, TRI-K has become our 100% step down subsidiary with effect from March 25, 2010. TRI-K is currently engaged, *inter alia*, in the business of trading and distribution of cosmetic ingredients and technologies for the global cosmetic and personal care industry.

### Board of Directors:

The Board of Directors of TRI-K as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of Directors	Designation
1.	Mr. Gopalkrishnan Ramakrishnan	Chairman
2.	Mr. Subhas Sen	Director
3.	Mr. Uday Krishna Kamat	Director

### Shareholding Pattern:

The authorized capital of TRI-K is 1,000 shares of no par value. The equity shares of TRI-K are not listed on any stock exchange. The shareholding pattern of TRI-K as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of shareholders	No. of shares	Percentage of Shareholding (%)
1.	Rainbow Holdings GmbH	228	76
2.	Galaxy Holdings (Mauritius) Limited	72	24
	<b>Total</b>	<b>300</b>	<b>100</b>

### Financial Performance:

Since TRI-K has become the subsidiary of our Company with effect from July 01, 2009, the financial performance of TRI-K is available for nine (9) months period ended on March 31, 2010. The audited financial accounts of TRI-K for nine (9) months period ended on March 31, 2010 are as follows:

<i>(Rs. in mn, except per share data)</i>	
Particulars	For the period ended on March 31, 2010
Equity Share Capital	0.05
Reserves and Surplus (Excluding Revaluation Reserve)	217.16
Total Income	474.46
Profit/(Loss) after Tax	1.71
Earnings / (Loss) Per Share (Basic / Diluted) (in Rs.)	5714.12
Miscellaneous Expenditure (to the extent not written off or adjusted)	NIL
Net Worth	217.21
Net Asset Value or Book value per share (in Rs.)	724,038.75

## 6. Maybrook, Inc (“Maybrook”)

### Corporate Structure:

Maybrook was incorporated on August 27, 1975 *vide* certificate of incorporation bearing Delaware file number 0815729. The registered office of Maybrook is situated at c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA. Maybrook became a subsidiary of TRI-K with effect from June 01, 2002. However, TRI-K has become the subsidiary of Rainbow Holdings GmbH with effect from July 01, 2009. Further, Maybrook

has become our 100% step down Subsidiary with effect from March 25, 2010. Maybrook is currently engaged, *inter alia*, in the business of manufacture of cosmetic ingredients for the global cosmetic and personal care industry.

#### Board of Directors:

The Board of Directors of Maybrook as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of Directors	Designation
1.	Mr. Subhas Sen	Director
2.	Mr. Gopalkrishnan Ramakrishnan	Director
3.	Mr. Uday Krishna Kamat	Director

#### Shareholding Pattern:

The equity shares of Maybrook are not listed on any stock exchange. The shareholding pattern of Maybrook as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of shareholders	No. of shares	Percentage of Shareholding (%)
1.	TRI-K Industries Inc.	100	100
	<b>Total</b>	<b>100</b>	<b>100</b>

#### Financial Performance:

Since Maybrook has become the subsidiary of our Company with effect from July 01, 2009, the financial performance of Maybrook is available for nine (9) months period ended on March 31, 2010. The audited financial accounts of Maybrook for nine (9) months period ended on March 31, 2010 are as follows:

<i>(Rs. in mn, except per share data)</i>	
Particulars	For the period ended on March 31, 2010
Equity Share Capital	0.72
Reserves and Surplus (Excluding Revaluation Reserve)	32.99
Total Income	72.51
Profit/(Loss) after Tax	5.41
Earnings / (Loss) Per Share (Basic / Diluted) (in Rs.)	54,145.88
Miscellaneous Expenditure (to the extent not written off or adjusted)	NIL
Net Worth	33.71
Net Asset Value or Book value per share (in Rs.)	337,142.36

#### Accumulated profits or losses not accounted for

The accumulated profits or losses of our subsidiaries have been accounted for by our Company in the restated audited consolidated financial statements of our Company included in the Draft Red Herring Prospectus. For further details, please refer to the chapter titled “Auditors’ Report” on page 213 of the Draft Red Herring Prospectus.

#### Sales or Purchases exceeding 10% in Aggregate of the Total Sales or Purchases of our Company

Except as stated in the Annexure titled “Related Party Transactions” in chapter titled “Auditors’ Report” on page 204 of the Draft Red Herring Prospectus, there are no sales or purchases between our subsidiaries exceeding 10% in aggregate in value of the total sales or purchases of our Company.

#### Injunctions or restraining orders

Our Company is not operating under any injunction or restraining order.

#### Shareholders’ Agreements

As on date of the Draft Red Herring Prospectus, there are no subsisting shareholders agreements among our shareholders *vis-à-vis* our Company that our Company is aware of.

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## Other Agreements

1. Our Company has executed a memorandum of understanding in the name of Preferred Stock Financing Agreement dated June 16, 2009 with Galaxy Holdings (Mauritius) Limited to invest a sum upto \$ 20 mn in Galaxy Holdings (Mauritius) Limited as preferred stock. Pursuant to the agreement, the parties have agreed, *inter alia*, to the following covenants:

- The term of the Preferred Stock shall be for a period of 10 years from the date of Issue. However, it can be redeemed prior to the term without encumbrance of penalty. Further, it will not be subject to any contractual restrictions on transfer.
- 10% Non-cumulative dividend shall be available on the Preferred Stock.

Pursuant to the aforesaid agreement, Galaxy Holdings (Mauritius) Limited has issued 12,350,000, 10% Non-cumulative preference shares of \$1 each to our Company. The aforesaid investment in Galaxy Holdings (Mauritius) Limited was utilised by Galaxy Holdings (Mauritius) Limited to further invest in Rainbow Holdings GmbH and Galaxy Chemicals (Egypt) S.A.E.

2. A joint venture was formed in June 2009 by Mr. Gerd Dahms, Mr. Sebastian Dahms, Dr. Andreas Jung and Rainbow Holdings GmbH acquiring shares of OTC GmbH and TRI-K. Consequently, our Company entered into a purchase order and Technology Development and Royalty Agreement dated December 15, 2009 with OTC GmbH which was subsequently terminated by letters dated March 10, 2010. Further, on March 25, 2010, a Share Purchase and Transfer and Settlement Agreement was executed by and between Mr. Gerd Dahms, Mr. Sebastian Dahms, Dr. Andreas Jung, OTC GmbH, Deutsche Immo Invest GmbH, Rainbow Holdings GmbH, our Company, Galaxy Holdings (Mauritius) Limited, and TRI-K in order to terminate the joint venture and settle the mutual claims and obligations incurred during the term of the joint venture.
3. Our Company has executed a Non-Compete Agreement on January 21, 2010 with one of our Group Entities, i.e. Galaxy Emulsifiers Private Limited. For salient features on the Non – Compete Agreement, please refer to paragraph titled “*Common Pursuits*” in chapter titled “*Our Promoters and Group Companies*” on page 176 of the Draft Red Herring Prospectus.

Save and except as mentioned above, we are not a party to, nor have we (i) entered into, any other material contract not being a contract entered into in the normal course of business carried on, or intended to be carried on, by our Company or (ii) a contract entered into more than two (2) years before the date of the Draft Red Herring Prospectus.

## Strategic Partners

Our Company does not have any strategic partners as on date of the Draft Red Herring Prospectus.

## Financial Partners

Our Company does not have any financial partners as on date of the Draft Red Herring Prospectus.

## Guarantees

Our Company has opened a stand-by letter of credit favouring Citi Bank, Frankfurt, Germany amounting to US\$ 0.5 mn for Working Capital facility availed by our step-down Subsidiary, TRI-K.

Further, our Step down Subsidiary, Galaxy Chemicals (Egypt) S.A.E, has been sanctioned loan from IFC for which we have agreed to provide a corporate guarantee on behalf of the Step down Subsidiary.

Save and except as mentioned above, our Company or our Promoters have not given any guarantees to any third party on behalf of our Subsidiaries or Group Entities.



## OUR MANAGEMENT

### BOARD OF DIRECTORS

As per AoA of our Company, we are required to have not less than three (3) Directors and not more than twenty (20) Directors, subject to Section 252 and 259 of the Companies Act. As on the date of the Draft Red Herring Prospectus, we have nine (9) Directors on our Board, of which four (4) Directors are Executive Directors, two (2) Directors are Non – Executive and Non – Independent Directors and three (3) Directors are Independent Directors.

The following table sets forth details regarding the Board of Directors as of the date of the Draft Red Herring Prospectus:

Name, Father's Name, Designation, Age, Nationality, Occupation and DIN	Residential Address	Term	Other Directorship
<b>Mr. Shekhar Ravindranath</b>  S/o Mr. M. Sekhara Rama Warriar <b>Chairman and Independent Director</b>  <b>Age:</b> 63 years <b>Nationality:</b> Indian <b>Occupation:</b> Management Consultant <b>DIN:</b> 00011680	30 <sup>th</sup> Floor, Tower 3, Planet Godrej, 30, Keshavrao Khadye Marg, Near Jacob Circle, Mumbai 400 011, Maharashtra, India.	Re-appointed as a Director <i>vide</i> resolution passed by the shareholders at AGM held on July 24, 2010 and is liable to retire by rotation. Appointed as a Chairman of the Board <i>vide</i> resolution passed by the Board at its meeting held on March 13, 2010.	<ul style="list-style-type: none"> <li>Goldman Sachs Trustee Company (India) Private Limited.</li> </ul>
<b>Mr. Unnathan Shekhar</b>  S/o Mr. Unnathan Vaidyanathan  <b>Managing Director</b>  <b>Age:</b> 56 years <b>Nationality:</b> Indian <b>Occupation:</b> Business <b>DIN:</b> 00265017	“Saradha Niwas”, Plot No. 53, Sector-28, Vashi, Navi Mumbai – 400 703, Maharashtra, India.	Re-appointed as the Managing Director of our Company <i>vide</i> resolution passed by the shareholders at EGM held on October 24, 2009 for a period of three (3) years and five (5) months with effect from November 01, 2009 upto March 31, 2013.	<ul style="list-style-type: none"> <li>Galaxy Emulsifiers Private Limited</li> <li>Galaxy Finsec Private Limited</li> <li>Osmania Traders Private Limited</li> <li>Galaxy Chemicals Inc., USA.</li> <li>Galaxy Chemicals (Egypt) S.A.E.</li> </ul>
<b>Mr. Gopalkrishnan Ramakrishnan</b>  S/o (Late) Mr. Gopalkrishnan Krishnapuran Ramakrishnan  <b>Whole-time Director</b>  <b>Age:</b> 56 years <b>Nationality:</b> Indian <b>Occupation:</b> Business <b>DIN:</b> 00264760	“Raaj”, Plot No. 51, Sector-28, Vashi, Navi Mumbai – 400 703 Maharashtra, India	Re-appointed as the Whole-time Director of our Company <i>vide</i> resolution passed by the shareholders at EGM held on October 24, 2009 for a period of three (3) years and five (5) months with effect from November 01, 2009 upto March 31, 2013.	<ul style="list-style-type: none"> <li>Galaxy Emulsifiers Private Limited</li> <li>Galaxy Finsec Private Limited</li> <li>Osmania Traders Private Limited</li> <li>Galaxy Chemicals Inc., USA.</li> <li>TRI-K Industries Inc., USA</li> <li>Maybrook Inc., USA</li> </ul>
<b>Mr. Shashikant Rayappa Shanbhag</b>	501, Tirupati, Plot No. 32, Sector 19, Nerul, Navi Mumbai – 400 706,	Re-appointed as the Whole-time Director of our Company <i>vide</i>	<ul style="list-style-type: none"> <li>Galaxy Emulsifiers Private Limited</li> <li>Galaxy Finsec Private Limited</li> </ul>

Name, Father's Name, Designation, Age, Nationality, Occupation and DIN	Residential Address	Term	Other Directorship
<p>S/o (Late) Mr. Rayappa Ramkrishna Shanbhag</p> <p><b>Whole-time Director</b></p> <p><b>Age:</b> 56 years <b>Nationality:</b> Indian <b>Occupation:</b> Business <b>DIN:</b> 00265103</p>	Maharashtra, India.	resolution passed by the shareholders at EGM held on October 24, 2009 for a period of three (3) years and five (5) months with effect from November 01, 2009 upto March 31, 2013 and is liable to retire by rotation.	<ul style="list-style-type: none"> <li>Galaxy Chemicals Inc., USA</li> <li>Galaxy Chemicals (Egypt) S.A.E.</li> </ul>
<p><b>Mr. Sudhir Dattaram Patil</b></p> <p>S/o (Late) Mr. Dattaram Baburao Patil</p> <p><b>Non- Executive and Non-Independent Director</b></p> <p><b>Age:</b> 55 years <b>Nationality:</b> Indian <b>Occupation:</b> Business <b>DIN:</b> 00264933</p>	<p>“Sumati”, Plot 4B, Nandadeep Co-operative Housing Society, Cross Road No. 4, Jayaprakash Nagar, Goregaon (East), Mumbai 400 063, Maharashtra, India.</p>	Re-appointed as a Director <i>vide</i> resolution passed by the shareholders at AGM held on July 18, 2009 and is liable to retire by rotation.	<ul style="list-style-type: none"> <li>Galaxy Emulsifiers Private Limited</li> <li>Galaxy Finsec Private Limited</li> <li>Galaxy Chemicals Inc., USA.</li> </ul>
<p><b>Mr. Uday Krishna Kamat</b></p> <p>S/o (Late) Mr. Krishna Keshav Kamat</p> <p><b>Whole-time Director</b> (Executive Director - Finance)</p> <p><b>Age:</b> 56 years <b>Nationality:</b> Indian <b>Occupation:</b> Company Executive <b>DIN:</b> 00226886</p>	Flat No. 9, Ganesh Villa, Tejpal Scheme, Road No. 2, Vile Parle (East), Mumbai – 400 057, Maharashtra, India	Re-appointed as the Whole-time Director of our Company <i>vide</i> resolution passed by the shareholders at EGM held on October 24, 2009 for a period of three (3) years and five (5) months with effect from November 01, 2009 upto March 31, 2013 and is liable to retire by rotation.	<ul style="list-style-type: none"> <li>Galaxy Holdings (Mauritius) Ltd.</li> <li>Galaxy Chemicals (Egypt) S.A.E.</li> <li>Rainbow Holdings GmbH</li> <li>TRI-K Industries Inc USA</li> <li>Maybrook Inc., USA</li> </ul>
<p><b>Mr. Venkatesh Kasturirangan</b></p> <p>S/o (Late) Mr. Kodaganallur Kasturirangan</p> <p><b>Non - Executive and Non - Independent Director</b> (Business Advisor)</p> <p><b>Age:</b> 63 years <b>Nationality:</b> USA <b>Occupation:</b></p>	359, Frogtown Road, New Canaan, Connecticut 06840, USA.	<p>Re-appointed as a Director <i>vide</i> resolution passed by the shareholders at AGM held on July 19, 2008 and is liable to retire by rotation.</p> <p>Appointed as Business Advisor of our Company for a period of 3 years with effect from April 01, 2009.</p>	Zensar Technologies Limited

Name, Father's Name, Designation, Age, Nationality, Occupation and DIN	Residential Address	Term	Other Directorship
Management Consultant DIN: 00804869			
<b>Mr. Subodh Satchitanand Nadkarni</b>  S/o (Late) Mr. Satchitanand Nadkarni  <b>Independent Director</b>  <b>Age:</b> 54 years <b>Nationality:</b> Indian <b>Occupation:</b> Company Executive <b>DIN:</b> 00145999	D-32, Mangireesh 520, L.J. Road, Mahim (West), Mumbai 400 016	Re-appointed as a Director <i>vide</i> resolution passed by the shareholders at AGM held on July 18, 2009 and is liable to retire by rotation.	<ul style="list-style-type: none"> <li>Sulzer India Limited</li> </ul>
<b>Mr. Melarkode Ganesan Parameswaran</b>  S/o Mr. Melarkode Ganesan  <b>Independent Director</b>  <b>Age:</b> 55 years <b>Nationality:</b> Indian <b>Occupation:</b> Company Executive <b>DIN:</b> 00792123	62 – A, 6 <sup>th</sup> Floor, Technocrat Co-operative Housing Society, Off. Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025, Maharashtra, India.	Re-appointed as a Director <i>vide</i> resolution passed by the shareholders at AGM held on July 18, 2009 and is liable to retire by rotation.	India Chapter of International Advertising Association

#### Brief Profile of the Directors of our Company

- Mr. Shekhar Ravindranath**, aged 63 years, is the Chairman and Independent Director of our Company. He holds a Bachelors Degree in Science (Maths and Statistics) from Kerala University and Masters Degree in Operations Research from University of Mumbai. He is a fellow member of The Institute of Cost and Works Accountants of India. He has over thirty five (35) years of experience in the field of Personal and Home Care. He has been associated with Hindustan Unilever Limited for more than three (3) decades in various capacities. He was the Managing Director – Foods Division of Hindustan Unilever Limited.
- Mr. Unnathan Shekhar**, aged 56 years, is the Managing Director of our Company. He holds a Bachelors Degree in Chemical Engineering from the University Department of Chemical Technology, Mumbai and a Post Graduate Diploma in Business Management from Indian Institute of Management, Calcutta. He has over thirty (30) years of experience in chemical manufacturing industry. He is a recipient of the “*Distinguished Alumnus Award 1998*” conferred by University Department of Chemical Technology Alumni Association. Before he ventured to promote our Company, he was associated with Hindustan Unilever Limited and Lupin Laboratories Limited. As a Managing Director of our Company, he looks after overall management of our Company’s Business and Operations.
- Mr. Gopalkrishnan Ramakrishnan**, aged 56 years, is the Whole-time Director of our Company. He holds a Masters Degree in Commerce from University of Mumbai. He is a fellow member of The Institute of Chartered Accountants of India and The Institute of Cost and Works Accountants of India and he is a qualified Company Secretary from The Institute of Company Secretaries of India. He was awarded with “*The Lotus Foundation Scholarship*”, “*Mr. DeSouza Scholarship*” and the “*National Scholarship Scheme – 1974-75*” by the Government of India to pursue Masters Degree in Commerce and was also awarded with a silver medal and Certificate of Merit for securing the first position in India in the Final Cost Accountancy Examination. He has over thirty (30) years of experience in Personal and Home Care in the

area of Business Creation and Marketing. Before he ventured to promote our Company, he was associated with Colgate Palmolive (India) Limited. As a Whole-time Director of our Company, he looks after Business Creation and Innovation Process.

4. **Mr. Shashikant Rayappa Shanbhag**, aged 56 years, is the Whole-time Director of our Company. He holds a Bachelors Degree in Commerce from University of Mumbai. He is an associate member of The Institute of Chartered Accountants of India and a qualified Cost Accountant from the Institute of Cost and Works Accountants of India. He has over thirty (30) years of experience in chemical manufacturing industry. Before he ventured to promote our Company, he was associated with Colgate Palmolive (India) Limited. As a Whole-time Director of our Company, he looks after People Energy and Business Excellence Processes.
5. **Mr. Sudhir Dattaram Patil**, aged 55 years, is the Non- Executive and Non- Independent Director of our Company. He holds a Bachelors Degree in Chemical Engineering from the University Department of Chemical Technology, Mumbai. He has over thirty (30) years of experience in chemical manufacturing industry. He is a recipient of the “*Distinguished Alumnus Award 1998*” conferred by University Department of Chemical Technology Alumni Association. Before he ventured to promote our Company, he was associated with Hindustan Unilever Limited and Hico Products Limited.
6. **Mr. Uday Krishna Kamat**, aged 56 years, is the Whole-time Director of our Company. He holds a Bachelors Degree in Commerce from University of Mumbai. He is an associate member of The Institute of Chartered Accountants of India and qualified Cost Accountant from The Institute of Cost and Works Accountants of India. He has over thirty (30) years of experience in the field of finance, commerce, project management and general management. Before joining our Company, he was a practising Chartered Accountant. As an Executive Director – Finance, he looks after Finance, Information Technology and Systems and Corporate Governance Processes.
7. **Mr. Venkatesh Kasturirangan**, aged 63 years, is the Non- Executive and Non- Independent Director of our Company. He holds a Bachelors Degree in Chemical Engineering from Indian Institute of Technology, Mumbai and a Post Graduate Degree in Business Management from Indian Institute of Management, Ahmedabad. He is a recipient of “*Distinguished Alumni Award*” from Indian Institute of Technology, Bombay in 1998. He has over thirty five (35) years of experience in Home and Personal Care Industry. He was the Regional President (North America) of Diversey, Racine (Wisconsin, United States of America) and President and Chief Executive Officer of Diversey Lever, Cincinnati (Ohio, United States of America). He was associated with Hindustan Unilever Limited as Vice President (Personal Products). He was also associated with Unilever (Indonesia) as General Sales Operations Manager, Unilever (United Kingdom) as Vice President (Strategic Planning and Marketing), Unilever (Philippines) as Chairman and Chief Executive Officer and Unilever (United States of America) as Executive Vice President and Chief Operating Officer. He currently provides consultancy services on formulating business and marketing strategy. He is the Business Advisor of our Company and has been involved in Strategic Business Planning.
8. **Mr. Subodh Satchitanand Nadkarni**, aged 54 years, is an Independent Director of our Company. He holds a Bachelors Degree in Commerce from University of Mumbai. He is a fellow member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. He has twenty nine (29) years of experience in the field of finance, commerce, project management, sales, marketing, human resources management and general administration. He was associated with Godrej Soaps Limited as the Financial Controller. He was the Managing Director and Chief Executive Officer of Sulzer India Limited and President (Asia-Pacific and Australia) of Sulzer Chemtech Pte Limited, (Singapore). He is currently the President (Europe, Middle East and Asia) of Sulzer Turbo Machinery Services, Netherlands and Director of Sulzer India Limited.
9. **Mr. Melarkode Ganesan Parameswaran**, aged 55 years, is an Independent Director of our Company. He holds a Bachelors Degree in Chemical Engineering from the Indian Institute of Technology, Chennai and a Post Graduate Diploma in Management from Indian Institute of Management, Kolkata. He has over thirty (30) years of experience in the marketing and advertising industry. He is a member in the Board of Governors of Indian Institute of Management, Kolkata. He is a recipient of “*Distinguished Alumni Award*” from Indian Institute of Technology, Chennai in 2009. As an author, his book “*Building Brand Value - Five Steps to Building Powerful Brands*” was a recipient of NTPC – DMA Book Prize, 2006. He was named as “*One of the 50 most powerful people in Marketing, Advertising and Media*” by a survey conducted by the marketing magazine “Pitch” in the year 2004. He is associated with Ulka Advertising and Draftfc + Ulka Advertising for over two decades. He was associated with Boots Co. India Limited as a Marketing Services Manager and UDI Yellow Pages as a General Manager (Sales). He has worked, *inter alia*, on brands like Indica Cars, Xerox, Cadburys, Thermax, Brufen, Digene, Strepsils, Tata Indicom, Santoor, Sundrop Cooking Oil, Sweetex, TCS, ICICI Bank and Wipro. He is a visiting faculty of Narsee Monjee Institute of Management Studies and Indian Institute of Management, Kolkata. He is currently the Executive Director and Chief Executive Officer of Draft FCB + Ulka Advertising Limited.

### Terms and conditions of employment of the Managing Director and Whole-Time Directors

Pursuant to the resolution passed by the shareholders at the EGM held on October 24, 2009, the appointment of the Managing Director and Whole-time Directors of our Company are, *inter-alia*, governed by the following terms and conditions:

<b>Basic Salary</b>	Rs.350,000/- to Rs. 500,000/- per month .
<b>Housing</b>	<p><b>Housing I</b> - The expenditure incurred by the Company on hiring fully furnished residential accommodation, will be subject to the following ceiling: thirty (30) percent of the salary, over and above ten (10) percent payable by the Company.</p> <p><b>Housing II</b> - In case the accommodation is owned by the Company, ten (10) percent of the salary of the said appointee shall be deducted by the Company.</p> <p><b>Housing III</b> - In case no accommodation is provided by the Company, the said appointees shall be entitled to House Rent Allowance of thirty (30) percent of the basic salary.</p>
<b>Medical Expenses</b>	The said appointee shall be entitled for reimbursement of all medical expenses incurred for self and family, as per the Company's rules. In addition, hospitalization expenses incurred in India for self and family will be paid on actual basis.
<b>Leave travel assistance</b>	Leave travel assistance for self and family, once in a year incurred in accordance with the rules specified by the Company.
<b>Club Fees</b>	Fees of clubs, subject to a maximum of two clubs. This will not include admission and life-membership fees.
<b>Insurance</b>	Personal Accident Insurance coverage to be extended as per the Company's rules.
<b>Conveyance</b>	A car with driver for official purpose, as per the Company's rules. Use of car for personal purposes shall be reimbursed to the company.
<b>Telecommunication facilities</b>	Telephone, fax facilities and other telecommunication facilities at his residence, as per Company's rules. Personal long distance phone calls shall be reimbursed to the Company.
<b>Provident Fund</b>	Contribution to provident fund to the extent not taxable under the Income Tax Act, 1961.
<b>Gratuity</b>	Gratuity at the rate not exceeding half month's salary for each completed year of service.
<b>Leave</b>	Leave and Leave encashment as per the Company's rules.
<b>Commission</b>	Commission shall be decided by the Board of Directors / Committee of Directors from time to time. The commission in particular year shall be subject to the overall ceiling laid down under Section 198 and 309 and other applicable provision of the Companies Act, 1956.
<b>Annual increment</b>	The Annual increments effective from 1 <sup>st</sup> April every year will be decided by the Board of Directors and will take into account the Company's performance, subject to the ceiling prescribed in Schedule XIII to the Companies Act, 1956 or any modification thereof, to the same form time to time.

## Remuneration paid to our Directors

### A. Executive Directors:

The following table sets forth the details of the remuneration paid to our Company's Executive Directors for Fiscal 2010: (Rs.)

Name of the Director	Salary and allowances	Commission	Perquisites	Contribution to provident funds and other funds	Total remuneration for Fiscal 2010
Mr. Unnathan Shekhar	4,641,000	3,525,000	259,615	428,400	8,854,015
Mr. Gopalkrishnan Ramakrishnan	4,641,000	3,525,000	56,751	428,400	8,651,151
Mr. Shashikant Rayappa Shanbhag	4,641,000	3,525,000	32,833	428,400	8,627,233
Mr. Uday Krishna Kamat	4,641,000	3,525,000	12,750	428,400	8,607,150

### B. Non-Executive and Non-Independent Directors:

The following table sets forth the details of the remuneration for our Company's Non - Executive and Non - Independent Directors for Fiscal 2010:

Name of the Director	Sitting Fees (Rs.)	Commission (Rs.)	Other fees (Rs.)	Total remuneration (Rs.)
Mr. Sudhir Dattaram Patil	80,000	3,00,000	-	380,000
Mr. Venkatesh Kasturirangan	80,000	3,00,000	2,824,650	3,204,650

\* During the Fiscal 2010 Mr. Venkatesh Kasturirangan has been paid fees of Rs. 2,824,650 for rendering advisory services.

### C. Independent Directors:

The following table sets forth the details of the remuneration for our Company's Independent Directors for Fiscal 2010:

Name of the Director	Sitting Fees (Rs.)	Commission (Rs.)	Total remuneration (Rs.)
Mr. Shekhar Ravindranath	1,10,000	3,00,000	4,10,000
Mr. Subodh Satchitanand Nadkarni	1,30,000	3,00,000	4,30,000
Mr. Melarkode Ganesan Parameswaran	1,50,000	3,00,000	4,50,000

### Shareholding of our Directors in our Company:

Save and except as below, our Directors do not hold any Equity Shares in our Company as on the date of the Draft Red Herring Prospectus:

Name of the Directors	Number of Equity Shares	% of Pre - Issue Paid-up Capital
Mr. Unnathan Shekhar	2,056,720	11.602
Mr. Sudhir Dattaram Patil	2,053,020	11.581
Mr. Shashikant Rayappa Shanbhag	2,029,042	11.445
Mr. Gopalkrishnan Ramakrishnan	1,165,054	6.572
Mr. Uday Krishna Kamat	51,000	0.287
Mr. Venkatesh Kasturirangan	25,000	0.141
Mr. Shekhar Ravindranath	15,000	0.085
Mr. Subodh Satchitanand Nadkarni	15,000	0.085
Mr. Melarkode Ganesan Parameswaran	15,000	0.085
<b>Total</b>	<b>7,424,836</b>	<b>41.883</b>

## Borrowing powers of Board of Directors

Pursuant to a resolution passed by our shareholders at the AGM held on July 18, 2009 in accordance with provisions of the Companies Act, our Board has been authorized to borrow from time to time, all such sums of money for the purposes of the business of our Company, as the Board may in its discretion think fit, notwithstanding that the money or monies to be so borrowed together with the sums already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of our Company and its free reserves that is to say, reserves not set apart for any specific purposes, provided however that the sums so borrowed shall not exceed Rs. 5,000 million.

For further details of the provisions of our AoA regarding borrowing powers, please refer to the section titled "*Main Provisions of the Articles of Association*" on page 349 of the Draft Red Herring Prospectus.

## Interests of Directors

All of our Directors may be deemed to be interested to the extent of commission, fees payable, if any to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our AoA, and to the extent of remuneration payable to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them, by their relatives or that may be subscribed by or Allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Except as stated in this chapter or the chapter titled "*Auditors' Report*" on page 178 of the Draft Red Herring Prospectus, and except to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two (2) years of the date of the Draft Red Herring Prospectus.

## Relationships between Directors

None of our Directors are "related" to each other within the meaning of Section 6 of the Companies Act.

## Details of service contracts of the Directors for benefits upon termination of employment

There are no service contracts entered into by our Company with any Director for the provision of benefits or payments of any amount upon termination of employment.

## Arrangements and understanding with major shareholders

None of the Directors have been selected as a Director pursuant to any arrangement or understanding with major shareholders, customers, suppliers, etc of our Company.

## Changes in our Board of Directors during the last three years

Save and except as mentioned below, there has been no change in the Board of Directors of our Company, during the last three (3) years:

Name of the Director	Designation	Date of Appointment	Date of Cessation	Reasons for change
Mr. Sudhir Dattaram Patil	Director	Since Inception	September 30, 2006	Cessation as a Whole-time Director
Mr. Sudhir Dattaram Patil	Director	October 01, 2006	-	Appointment as Additional Director
Mr. Sudhir Dattaram Patil	Director	June 29, 2007	-	Appointment as Director
Mr. Shekhar Ravindranath	Director	June 29, 2007	-	Appointment as



Name of the Director	Designation	Date of Appointment	Date of Cessation	Reasons for change
Mr. Shekhar Ravindranath	Director	March 13, 2010	-	Director Appointed as Chairman of the Board of Directors

## CORPORATE GOVERNANCE

The provisions of the listing agreement to be entered into with BSE and NSE with respect to corporate governance and the SEBI (ICDR) Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. As of the date of the Draft Red Herring Prospectus, our Company has taken steps to comply with the provisions of Clause 49 of the Listing Agreements, including with respect to the appointment of independent directors, the constitution of the Audit and Shareholders / Investors Grievance Committee of the Stock Exchanges.

The Chairman of the Board is an Independent Director. The Board of Directors consists of nine (9) directors, of which four (4) are executive directors, three (3) are independent directors and two (2) are non – executive and non – independent directors.

Our Board of Directors have constituted following committees:

- Audit Committee
- Shareholders and Investors Grievance Committee
- Share Transfer Committee
- IPO Committee

### Audit Committee:

#### *Composition:*

Our Board of Directors constituted an Audit Committee, pursuant to the provisions of Section 292A of the Companies Act and Clause 49 of the Listing Agreement. The constitution of the Audit Committee was approved by a resolution passed by the Board of Directors at their meeting held on August 16, 2002

The Audit Committee was reconstituted by a resolution passed by the Board of Directors at their meeting held on January 26, 2008. The Audit Committee consist of the following members of the Board of Directors:

Name of the Director	Nature of Directorship	Designation
Mr. Subodh Nadkarni	Independent Director	Chairman
Mr. Shekhar Ravindranath	Independent Director	Member
Mr. Melarkode Ganesan Parameswaran	Independent Director	Member
Mr. Gopalkrishnan Ramakrishnan	Executive Director	Member

*Note: Mr. Ganesh Kamath is the Secretary of the Audit Committee*

#### *Terms of reference:*

The terms of reference of the Audit Committee are as follows:

- Overseeing of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956



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- Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  - Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussion with internal auditors any significant findings and follow up there on.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
  - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  - To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  - Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  - Review of management discussion and analysis of financial condition and results of operations, statements to significant related party transactions submitted by management, management letters/letters of internal control weakness issued by the statutory auditors, internal audit reports, relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor; and
  - Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  - The power of the Audit Committee shall include the power:
    - To investigate activity within its terms of reference;
    - To seek information from any employees;
    - To obtain outside legal or other professional advice; and
    - To secure attendance of outsiders with the relevant expertise, if it considers necessary.
  - The Audit Committee shall mandatorily review the following information:
    - Management discussion and analysis of financial condition and results of operation;
    - Statement of significant related party transactions;
    - Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - Internal audit reports relating to internal control weakness;
    - The appointment, removal and terms of remuneration of the Chief Internal Auditor; and
    - Review of the financial statements of the unlisted subsidiaries companies, in particular, the investments made by them if any.

#### **Shareholders and Investors Grievance Committee:**

##### ***Composition:***

Our Board of Directors *vide* a resolution passed at their meeting held on January 26, 2008, constituted a Shareholder's and Investor's Grievance Committee.

The Shareholders and Investors Grievance Committee presently consists of the following members of the Board of Directors:

<b>Name of the Director</b>	<b>Nature of Directorship</b>	<b>Designation</b>
Mr. Melarkode Ganesan Parameswaran	Independent Director	Chairman

Name of the Director	Nature of Directorship	Designation
Mr. Shekhar Ravindranath	Independent Director	Member
Mr. Shashikant Rayappa Shanbhag	Executive Director	Member
Mr. Sudhir Dattaram Patil	Non-Executive and Non-Independent Director	Member

**Terms of reference:**

The terms of reference of the Shareholders and Investor Grievances Committee are as follows:

- Monitor the efficiency and effectiveness of the processes for the discharge of various obligations towards the investors as covered in the Companies Act / SEBI Regulations and the Listing Agreement
- Monitor the discharge of obligations relating to disclosures & information flow relating to transfer, transmission, split, consolidation, duplicate share certificates, vesting of corporate actions & book closures within specified time lines.
- Nomination of Compliance Officer and reporting on complaints / non discharge of obligations and their redressal
- Appointment and overseeing the performance of the Registrar & Share Transfer Agents
- Monitoring and redressing shareholder grievances relating to transfer of shares / non receipt of shares / non receipt of dividends, corporate actions and Annual Reports
- Generally recommend measures for overall improvement in the quality of investor services

**Share Transfer Committee:**

**Composition:**

Our Board of Directors *vide* a resolution passed at their meeting held on April 28, 1998, constituted a Share Transfer Committee. The Share Transfer Committee was reconstituted on January 17, 2009 to constitute the following members of our Board of Directors:

Name of the Director	Nature of Directorship	Designation
Mr. Unnathan Shekhar	Executive Director	Chairman
Mr. Gopalkrishnan Ramakrishnan	Executive Director	Member
Mr. Uday Krishna Kamat	Executive Director	Member
Mr. Shashikant Rayappa Shanbhag	Executive Director	Member

**Terms of reference:**

The terms of reference of the Share Transfer Committee are as follows:

- To receive and review the documents like share transfer deeds, share certificates, etc in connection with registration of shares and other necessary documents for transmission of shares;
- To consider and approve the registration of share transfer and request for transmission of shares
- To refuse the request for share transfer / transmission and inform the concerned the reason for rejection
- To approve the issue of duplicate share certificate provided all the relevant documents are submitted properly
- To split the share certificate into the marketable lots of 100 each
- To do all such acts, things which are necessary to perform the said activity.

**IPO Committee**

**Composition:**

Our Board of Directors *vide* a resolution passed at their meeting held on September 12, 2009, constituted the IPO Committee. The IPO Committee presently consists of the following members of the Board of Directors:

Name of the Director	Nature of Directorship	Designation
Mr. Unnathan Shekhar	Executive Director	Chairman
Mr. Gopalkrishnan Ramakrishnan	Executive Director	Member
Mr. Shashikant Rayappa Shanbhag	Executive Director	Member
Mr. Uday Krishna Kamat	Executive Director	Member

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**Terms of reference:**

The terms of reference of the IPO Committee are as follows:

- The IPO Committee is authorised on behalf of the Board of Directors to undertake the following acts:
- To decide on the timing, pricing, and all the terms and conditions of the public issue including the price, and to accept any amendments, modifications, variations or alterations thereto;
- To appoint and enter into arrangements with the Book Running Lead Managers (BRLMs), Underwriter to the public issue, Syndicate Members to the public issue, Brokers to the public issue, if any, Escrow Collection Bankers to the public issue, Registrars, Legal Advisors and any other agencies or persons or intermediaries to the public issue and to negotiate and finalise the terms of their appointment, including but not limited to changing and / or substituting any one or more of the above agencies, execution of the BRLM mandate letter, negotiation, finalisation and execution of the Memorandum of Understanding with the BRLMs etc.;
- To finalise and settle and to execute and deliver or arrange the delivery of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Final Prospectus, Syndicate Agreement, Underwriting Agreement, Escrow Agreement, Stabilization Agreement, if any, and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the public issue;
- To open with the Bankers to the public issue such accounts as are required by the regulations issued by the SEBI, Companies Act and other applicable laws, rules, regulations etc. including the amendment(s) thereof.
- To authorise and approve the incurring of expenditure and payment of fees in connection with the public issue.
- To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalising the basis of allocation, allotment of shares to the successful allottees as permissible in law, issue of share certificates;
- To do all such acts, deeds and things as may be required to dematerialize the equity shares of the company and to sign agreements and / or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited and as such other agencies, authorities or bodies as may be required in this connection.
- To make applications to one or more Stock Exchange (s) for listing of the equity shares of the company and to Execute and to the deliver or arrange the delivery of necessary documentation to the concerned Stock Exchange(s).
- To settle all questions, difficulties, or doubts that may arise in regard to such issues or allotments as it may, in its absolute discretion deem fit and
- To exercise such other powers under the superintendence, directions and guidance of the Board of Directors, as the Board of Directors may find it appropriate to delegate to the Committee from time to time, to successfully complete the issue and all other matters relating to the same.

**Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchanges, NSE and BSE. Mr. Ganesh Kamath, Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

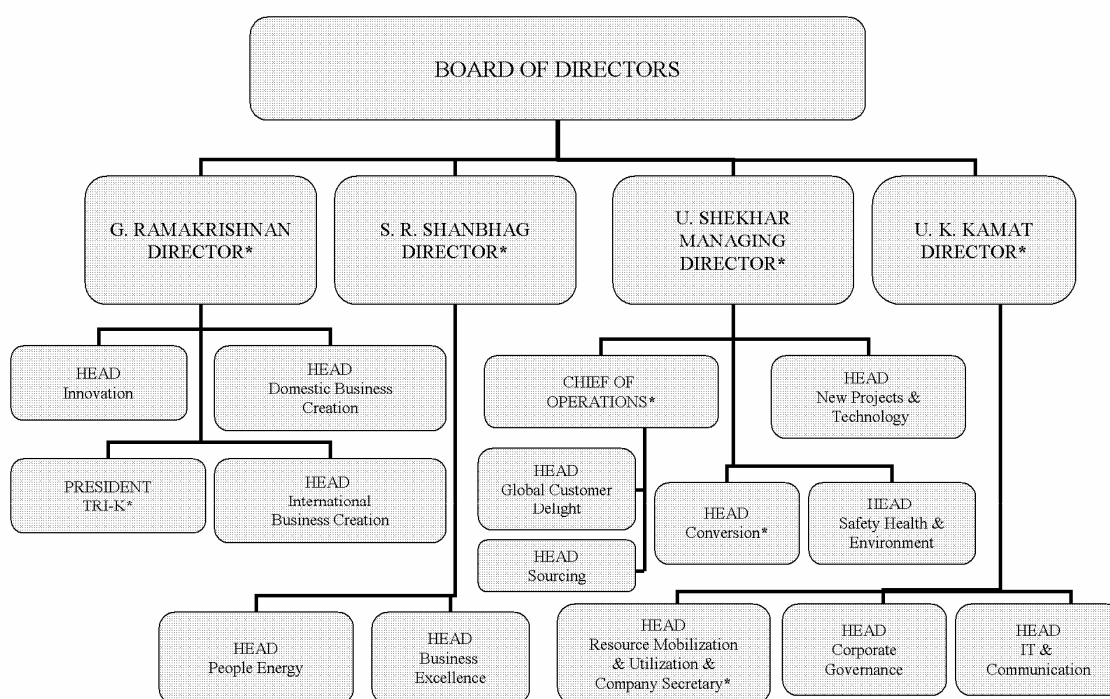
## Unsecured loans

None of our Directors have taken any loan from our Company. However, our Company has taken unsecured loans which are interest - free, from Directors and the amount outstanding as on March 31, 2010 is as follows:

(Rs. in mn)

Name of the Director	Amount of Loan
Mr. Gopalkrishnan Ramakrishnan	0.65
Mr. Unnathan Shekhar	0.48
<b>TOTAL</b>	<b>1.13</b>

## MANAGEMENT ORGANISATION STRUCTURE



\* Members of Galaxy Process Integration Management Council (GPIMC)

## KEY MANAGERIAL PERSONNEL

A brief profile of our Company's key management personnel as on the date of the Draft Red Herring Prospectus are as follows:

- Mr. K. Natarajan**, aged 45 years, is the Chief of Operations of our Company and a member of Galaxy Process Integration Management Council. He holds a Bachelor's Degree in Commerce from University of Mumbai. He is a qualified Cost Accountant from The Institute of Cost and Works Accountants of India. He joined Galaxy Oleo-Chem (India) Private Limited on April 21, 1993 as Finance Manager and joined our Company on April 1, 1995. As the Chief of Operations, he is responsible for planning, developing and implementing strategies for creation of business. Prior to joining our Company, he was associated with Orson Electronics Limited and Indian Organic Chemicals Limited. The remuneration paid to him for the Fiscal 2010 was Rs. 5,661,683.
- Mr. Ganesh Kamath**, aged 52 years, is the Head of Resource Mobilization and Utilization Process and Company Secretary of our Company and a member of Galaxy Process Integration Management Council. He holds a Bachelors Degree of Law from Mangalore University. He is an associate member of The Institute of Cost and Works Accountants

of India and an associate member of The Institute of Company Secretaries of India. He is also a certified associate member of The Indian Institute of Bankers. He joined our Company in September 2004 as General Manager, Finance and Company Secretary of our Company. As the Head of Resource Mobilization and Utilization Process, he is responsible for financial management of the business affairs of our Company. Prior to joining our Company, he was associated with IndusInd Bank as the Head of Credit (Retail). The remuneration paid to him for the Fiscal 2010 was Rs. 3,934,860.

3. **Mr. Vaijanath Kulkarni**, aged 35 years, is the Head of Conversion and New Projects and Technology Processes of our Company and a member of Galaxy Process Integration Management Council. He holds a Bachelors Degree in Chemical Engineering from Shivaji University. He joined our Company on June 17, 1995 as a Process Engineer (Trainee). As the Head of Conversion and New Projects & Technology Processes, he is responsible for operation of all manufacturing plants and conceptualizing, planning and execution of all new projects. The remuneration paid to him for Fiscal 2010 was Rs. 4,355,303.
4. **Dr. Nirmal Koshti**, aged 54 years, is the Head of Innovation Process of our Company . He holds a Doctorate in Organic Chemistry and Bachelor of Pharmacy from University of Mumbai. Post doctorate he has been Research Associate at different universities of England and USA. He joined our Company on April 1984, set up the R&D facility and nurtured the same as Principal Scientist till May 2007. In June 2007, he was appointed as Head - Specialty Chemicals Business Creation (America) in Galaxy Chemicals Inc. where he was looking after new business creation of our innovative products in North America. He has been working on development projects with research and technology centres of our global customers. He re-joined our Company on June 21, 2010. As a Head of Innovation Process, he is responsible for new product development and technology and also product application studies for evaluating product performance in our Company. Since he joined our Company on June 21, 2010, he did not receive any remuneration in the Fiscal 2010.
5. **Mr. Subhas Sen**, aged 37 years, is the President of TRI-K, a 100% step-down Subsidiary of our Company and a member of Galaxy Process Integration Management Council. He holds a Bachelors Degree in Commerce and a Masters Degree in Business Administration from University of Pune. He is a qualified Cost Accountant from The Institute of Cost and Works Accountants of India. He joined our Company on June 5, 1995 as a Management Trainee. As the President of TRI-K, he is responsible for overall management of business and operations of TRI-K.

All the key managerial personnel, except Mr. Subhas Sen, are the permanent employees of our Company.

#### **Details of Service Contracts of the key managerial personnel (including retirement and termination benefits)**

Except for the terms set forth in the appointment letters, the key managerial personnel have not entered into any other contractual arrangements/service contracts (including retirement and termination benefits) with our Company.

#### **Arrangements and understanding with major shareholders**

None of the key management personnel have been appointed pursuant to any arrangement or understanding with the major shareholders, customers, suppliers or others

#### **Shareholding of key managerial personnel:**

Save and except as below, our key managerial personnel do not hold any Equity Shares in our Company as on the date of the Draft Red Herring Prospectus:

<b>Name of the Key Managerial Personnel</b>	<b>Number of Equity Shares</b>	<b>% of Pre - Issue Paid-up Capital</b>
Mr. K. Natarajan	24,800	0.14
Mr. Ganesh Kamath	15,000	0.08
Mr. Vaijanath Kulkarni	21,000	0.12
Dr. Nirmal Koshti	66,428	0.37
Mr. Subhas Sen*	21,000	0.12
<b>Total</b>	<b>1,48,228</b>	<b>0.83</b>

\*Mr. Subhas Sen is a permanent employee of TRI-K.

#### Changes in our key managerial personnel during the past three years:

Save and except as mentioned below, there had been no changes in key managerial personnel of our Company, during the last three (3) years:

Name	Designation	Date of Appointment / Cessation	Reason
Mr. Satish Chavan	Head – Conversion	October 31, 2008 (Cessation)	Resigned
Mr. Vaijanath Kulkarni	Head – Conversion	October 31, 2008 (Appointment)	Appointed in place of Mr. Satish Chavan

#### Relationships between key management personnel:

None of our key managerial personnel are “related” to each other within the meaning of Section 6 of the Companies Act.

#### Relation of the key managerial personnel with our Directors:

None of our key managerial personnel are “related” to the Directors of our Company within the meaning of Section 6 of the Companies Act.

#### Loans taken by key management personnel from our Company as on March 31, 2010:

Name	Designation	Amount of Loan (Rs.)	Month on which loan obtained	Amount outstanding as on March 31, 2010 (Rs.)
Mr. K Natarajan	Chief of Operations	150,000	February 2007	85,000
Mr. K Natarajan	Chief of Operations	150,000	May 2007	107,500

#### Interest of key managerial personnel

All our key managerial personnel may be deemed to be interested to the extent of the remuneration and other benefits in accordance with their terms of employment for services rendered as officers or employees to our Company. Further, if any Equity Shares are allotted to our key managerial personnel in terms of this Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same.

However, Mr. Vaijanath Kulkarni, one of our key managerial personnel, is also a Managing Director of our step-down Subsidiary, GC Egypt and may be interested in his capacity as a director.

Similarly, Mr Subhas Sen is a director of our step-down Subsidiaries, TRI-K and Maybrook, and may be interested in his capacity as a director.

#### Bonus and/or Profit Sharing Plan for the key managerial personnel

There is no fixed or certain bonus or profit sharing plan for the key managerial personnel. The key managerial personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of benefits derived on Equity Shares held by them in our Company.

#### EMPLOYEES

We believe that a motivated and empowered employee base is integral to our competitive advantage. Our Company has 690 employees as on March 31, 2010 comprising of key managers responsible for our operations, finance and overall administration.

#### Employees Stock Option Scheme

Since our Company is an unlisted Company, the provisions of SEBI (Employee Stock Option Plan and Employee Stock Purchase Scheme) Guidelines, 1999 are not applicable to us. However, our Company does not have any Employee Stock Option Scheme or other similar scheme giving options in our Equity Shares to our employees.

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**Employee Welfare Trust**

Galaxy Surfactants Limited Employee Welfare Trust (“**Trust**”) was established by a deed of trust dated January 07, 2010, for the benefit of all the former and existing employees including Whole-time Directors of Galaxy Surfactants Limited. The trustees of the Trust are Mr. Unnathan Shekhar, Mr. Ganesh Kamath and Mr. K. Natarajan.

Galaxy Surfactants Limited, the settlor, had established the Trust with an initial corpus of Rs.1,000, which was handed over to the trustees. Our Company had granted a sum of Rs. 25,823,425 as loan to the Trust during March 2010 and the eligible employees had deposited their own money towards share application. On March 31, 2010, our Company allotted 239,850 Equity Shares of Rs.10 each at a premium of Rs. 100 each to the Trust. Subsequently, 97,350 Equity Shares were transferred by the Trust to the eligible employees (other than Whole-time Directors) at a price of Rs. 110 per Equity Share.

The Trust currently holds 142,500 Equity Shares in the Company which are currently registered in the name of its Trustees. Since the beneficiaries of the said Equity Shares are the employees of our Company, the said shareholding of the Trust does not form a part of the Promoter Group.

**Payment or Benefits to Officers of our Company (non-salary related)**

Except for the payment of salaries and perquisites and reimbursement of expenses incurred in the ordinary course of business, the equity shares held by them in our Company, the dividend derived therefrom and the transactions as enumerated in Annexure titled “*Statement of Loans and Advances*” in the chapter titled “*Auditors’ Report*” on page 200 of the Draft Red Herring Prospectus, we have not paid /given any benefit to the officers of our Company, within the two preceding years nor do we intend to make such payment/give such benefit to any officer as on the date of the Draft Red Herring Prospectus.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.



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## OUR PROMOTERS AND GROUP COMPANIES

Our Company is being promoted by Mr. Unnathan Shekhar, Mr. Gopalkrishnan Ramakrishnan, Mr. Shashikant Rayappa Shanbhag, and Mr. Sudhir Dattaram Patil. The brief profiles of our Promoters are as follows:

### MR. UNNATHAN SHEKHAR



**Mr. Unnathan Shekhar**, aged 56 years, is the Managing Director of our Company. He holds a Bachelors Degree in Chemical Engineering from the University Department of Chemical Technology, Mumbai and a Post Graduate Diploma in Business Management from Indian Institute of Management, Kolkata. He has over thirty (30) years of experience in chemical manufacturing industry. He is a recipient of the “*Distinguished Alumnus Award 1998*” conferred by University Department of Chemical Technology Alumni Association. Before he ventured to promote our Company, he was associated with Hindustan Unilever Limited and Lupin Laboratories Limited. As a Managing Director of our Company, he looks after overall management of our Company’s Business and Operations.

His Voter ID: Not obtained

His Driving License No. is MH43 20080000573

### MR. GOPALKRISHNAN RAMAKRISHNAN



**Mr. Gopalkrishnan Ramakrishnan**, aged 56 years, is the Whole-time Director of our Company. He holds a Masters Degree in Commerce from University of Mumbai. He is a fellow member of The Institute of Chartered Accountants of India and The Institute of Cost and Works Accountants of India and he is a qualified Company Secretary from The Institute of Company Secretaries of India. He was awarded with “*The Lotus Foundation Scholarship*”, “*Mr. DeSouza Scholarship*” and the “*National Scholarship Scheme – 1974-75*” by the Government of India to pursue Masters Degree in Commerce and was also awarded with a silver medal and Certificate of Merit for securing the first position in India in the Final Cost Accountancy Examination. He has over thirty (30) years of experience in Personal and Home Care in the area of Business Creation and Marketing. Before he ventured to promote our Company, he was associated with Colgate Palmolive (India) Limited. As a Whole-time Director of our Company, he looks after Business Creation and Innovation Process.

His Voter ID No. is MT/10/054/1731024

His Driving License No. is MH43 20070011969

### MR. SHASHIKANT RAYAPPA SHANBHAG



**Mr. Shashikant Rayappa Shanbhag**, aged 56 years, is the Whole-time Director of our Company. He holds a Bachelors Degree in Commerce from University of Mumbai. He is an associate member of The Institute of Chartered Accountants of India and The Institute of Cost and Works Accountants of India. He has over thirty (30) years of experience in chemical manufacturing industry. Before he ventured to promote our Company, he was associated with Colgate Palmolive (India) Limited. As a Whole-time Director of our Company, he looks after People Energy and Business Excellence Processes

His Voter ID: Not obtained

His Driving License No. is MH43 20090003620



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**MR. SUDHIR DATTARAM PATIL**

**Mr. Sudhir Dattaram Patil**, aged 55 years, is the Non-Executive and Non-Independent Director of our Company. He holds a Bachelors Degree in Chemical Engineering from the University Department of Chemical Technology, Mumbai. He has over thirty (30) years of experience in chemical manufacturing industry. He is a recipient of the “*Distinguished Alumnus Award 1998*” conferred by University Department of Chemical Technology Alumni Association. Before he ventured to promote our Company, he was associated with Hindustan Unilever Limited and Hico Products Limited.

His Voter ID: Not obtained  
His Driving License No. is 87/W/39829

**Declaration**

We confirm that the personal details of our Promoters viz., Permanent Account Number, Passport Numbers and Bank account number of our Promoters will be submitted to BSE and NSE on which our securities are proposed to be listed, at the time of filing the Draft Red Herring Prospectus with such Stock Exchanges.

We further confirm that our Promoters have not been declared as wilful defaulters by RBI or any other government authority and there are no violations of securities laws committed by our Promoters in the past nor any such proceedings are pending against our Promoters.

**Relationship of Promoters with each other and with our Directors**

None of our Promoters are “related” to each other or with the Directors of our Company within the meaning of Section 6 of the Companies Act.

**Interest of Promoters**

All of our Promoters may be deemed to be interested to the extent of them being the Directors of our Company and thereby to the extent of fees payable, if any, to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our AoA, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Promoters may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

Our Promoters may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Except as stated in this chapter or the chapter titled “*Auditors’ Report*” on page 178 of the Draft Red Herring Prospectus, and except to the extent of shareholding in our Company, our Promoters do not have any other interest in our business.

Our Promoters confirm that they have no interest in any property acquired by our Company within two (2) years of the date of the Draft Red Herring Prospectus.

**Payment or Benefit to our Promoters during the last two years**

No payment has been made or benefit given to our Promoters in the two years preceding the date of the Draft Red Herring Prospectus or is intended to be given by us except as mentioned / referred to in this chapter and in the chapter titled “*Auditors’ Report*” on page 178 of the Draft Red Herring Prospectus.

**Related Party Transactions**

For details on our related party transactions please refer to Annexure titled “*Related Party Transactions*” in the chapter titled “*Auditors’ Report*” on page 204 of the Draft Red Herring Prospectus.

## GROUP ENTITIES

There are no companies, firms, ventures etc which have been promoted by our Promoters save and except as mentioned below.

Our Company has seven (7) Group Entities, namely:

### **Companies:**

1. Osmania Traders Private Limited (“OTPL”);
2. Galaxy Emulsifiers Private Limited (“GEPL”) and
3. Galaxy Finsec Private Limited (“GFPL”)

### **Partnership Firms:**

1. M/s. Galaxy Estates & Holdings
2. M/s. Galaxy Investments
3. M/s. Shubh Estates & Properties
4. M/s. Galaxy Chemicals

### **1. Osmania Traders Private Limited (“OTPL”)**

#### **Corporate Structure:**

OTPL was incorporated on July 28, 1993 with the Registrar of Companies, Maharashtra, at Mumbai as “Osmania Traders Private Limited”. The registered office of OTPL is situated at Raaj, Plot No. 51, Sector 28, Vashi, Navi Mumbai 400 703. The CIN of OTPL is U51900MH1993PTC073182.

OTPL is engaged, *inter alia*, in the business of imports, exports and general merchants and traders in goods and commodities, on ready or forward basis.

The promoters of OTPL were Mr. Jitendra Shah and Mr. Surendran Nair. However, as on the date of the Draft Red Herring Prospectus, the Promoter and Promoter Group of our Company, viz, Mr. Gopalkrishnan Ramakrishnan, Mr. Unnathan Shekhar and their wives together hold 100% of the equity share capital and the management of OTPL.

#### **Board of Directors:**

The Board of Directors of OTPL as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of Directors	Designation
1.	Mr. Unnathan Shekhar	Chairman
2.	Mr. Gopalkrishnan Ramakrishnan	Director
3.	Mrs. Jayashree Ramakrishnan	Director
4.	Mrs. Lakshmy Shekhar	Director

#### **Shareholding Pattern:**

The shareholding pattern of OTPL as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of shareholders	No. of shares held	Percentage of Shareholding (%)
1.	Mr. Gopalkrishnan Ramakrishnan	250	25
2.	Mr. Unnathan Shekhar	250	25
3.	Mrs. Jayashree Ramakrishnan	250	25
4.	Mrs. Lakshmy Shekhar	250	25
	<b>Total</b>	<b>1000</b>	<b>100</b>

## Financial Performance:

The audited financial accounts of OTPL for the last three (3) fiscal years are as follows:

Particulars	(Rs. in mn, except per share data)		
	Fiscal 2008	Fiscal 2009	Fiscal 2010
Equity Share Capital*	0.10	0.10	0.10
Reserves and Surplus (Excluding Revaluation Reserve)	3.06	3.19	3.20
Total Income	0.17	0.15	NIL
Profit/(Loss) after Tax	0.14	0.13	Negligible Loss
Earnings / (Loss) Per Share (Basic/Diluted) (in Rs.)*	140.90	133.13	(0.65)
Miscellaneous Expenditure (to the extent not written off or adjusted)	NIL	NIL	NIL
Net Worth	3.16	3.29	3.30
Net Asset Value or Book value per share (in Rs.)	3160.59	3293.71	3297.34

\*Face value of each equity share is Rs. 100 each

OTPL is not listed and has not made any public issue of its shares in the preceding three (3) years. Further, no actions have been taken against OTPL by any Stock Exchanges or SEBI. OTPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

## 2. Galaxy Emulsifiers Private Limited (“GEPL”)

### Corporate Structure:

GEPL was incorporated on September 08, 1986 with the Registrar of Companies, Maharashtra, at Mumbai as “Galaxy Emulsifiers Private Limited”. The registered office of GEPL is situated at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai 400 701. The CIN of GEPL is U40856MH1986PTC040856.

GEPL is engaged, *inter alia*, in the business of manufacturing and trading of surface active agents of anionic, cationic, nonionic and amphoteric nature, textile chemicals and auxiliaries, leather chemicals and auxiliaries, paint chemicals and auxiliaries, explosives and resins, perfumery chemicals and intermediaries, perfumes of natural and synthetic origin, essential oils, dye intermediates and dyestuffs of natural and synthetic origin, pigments and colours.

The promoters of GEPL are Mr. Unnathan Shekhar, Mr. Gopalkrishnan Ramakrishnan, Mr. Shashikant Rayappa Shanbhag and Mr. Sudhir Dattaram Patil.

### Board of Directors:

The Board of Directors of GEPL as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of Directors	Designation
1.	Mr. Unnathan Shekhar	Chairman
2.	Mr. Shashikant Rayappa Shanbhag	Director
3.	Mr. Sudhir Dattaram Patil	Director
4.	Mr. Gopalkrishnan Ramakrishnan	Director

### Shareholding Pattern:

The shareholding pattern of GEPL as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of shareholders	No. of shares held	Percentage of Shareholding (%)
1.	Mr. Unnathan Shekhar	62,445	25.02
2.	Mr. Shashikant Rayappa Shanbhag	62,185	24.91
3.	Mr. Sudhir Dattaram Patil	62,435	25.02
4.	Mr. Gopalkrishnan Ramakrishnan	40,995	16.43



Sr. No.	Names of shareholders	No. of shares held	Percentage of Shareholding (%)
5.	Mrs. Jayashree Ramakrishnan	21,500	8.62
	<b>Total</b>	<b>249,560</b>	<b>100.00</b>

#### Financial Performance:

GEPL has a negative net worth. The audited financial accounts of GEPL for the last three (3) years are as follows:

(Rs. in mn, except per share data)

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010
Equity Share Capital*	2.49	2.49	2.49
Reserves and Surplus (Excluding Revaluation Reserve)	NIL	NIL	NIL
Total Income	0.49	0.71	2.29
Profit/(Loss) after Tax	0.48	0.69	2.28
Earnings / (Loss) Per Share (Basic / Diluted) (in Rs.)*	1.91	2.80	9.16
Miscellaneous Expenditure (to the extent not written off or adjusted)	NIL	NIL	NIL
Net Worth	(2.39)	(1.69)	0.19
Net asset value or Book value per share (in Rs.)	(9.59)	(6.79)	0.76

\*Face value of each equity share is Rs. 10 each

GEPL is not listed and has not made any public issue of its shares in the preceding three (3) years. Further, no actions have been taken against GEPL by any Stock Exchange or SEBI. GEPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

### 3. Galaxy Finsec Private Limited (“GFPL”)

#### Corporate Structure:

GFPL was incorporated on March 06, 1997, with the Registrar of Companies, Maharashtra, at Mumbai as “Galaxy Finsec Private Limited”. The registered office of GFPL is situated at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai 400 701. The CIN of GFPL is U66990MH2004PTC106372.

GFPL was formed to undertake leasing and other financial services activities for the group concerns and other entities. However, GFPL is currently not engaged in any business.

The promoters of GFPL are Mr. Unnathan Shekhar, Mr. Gopalkrishnan Ramakrishnan, Mr. Shashikant Rayappa Shanbhag and Mr. Sudhir Dattaram Patil.

#### Board of Directors:

The Board of Directors of GFPL as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of Directors	Designation
1.	Mr. Unnathan Shekhar	Chairman
2.	Mr. Shashikant Rayappa Shanbhag	Director
3.	Mr. Sudhir Dattaram Patil	Director
4.	Mr. Gopalkrishnan Ramakrishnan	Director

#### Shareholding Pattern:

The shareholding pattern of GFPL as on date of the Draft Red Herring Prospectus is as follows:

Sr. No.	Names of shareholders	No. of shares held	Percentage of Shareholding (%)
1.	Mr. Unnathan Shekhar	4010	25
2.	Mr. Shashikant Rayappa Shanbhag	4010	25
3.	Mr. Sudhir Dattaram Patil	4010	25
4.	Mr. Gopalkrishnan Ramakrishnan	4010	25

Sr. No.	Names of shareholders	No. of shares held	Percentage of Shareholding (%)
	<b>Total</b>	<b>16040</b>	<b>100</b>

#### Financial Performance:

GFPL has a negative net worth. There has been no business activity during last three fiscal years and therefore hence no profit and loss account has been prepared for the company during this period. The audited financial accounts of GFPL for the last three (3) fiscal years are as follows:

<i>(Rs. in mn, except per share data)</i>			
Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010
Equity Share Capital*	0.16	0.16	0.16
Reserves and Surplus (Excluding Revaluation Reserve)	NIL	NIL	NIL
Miscellaneous Expenditure (to the extent not written off or adjusted)	0.18	0.18	0.19
Net Worth	(0.02)	(0.02)	(0.03)
Net asset value or Book value per share (in Rs.)	(1.30)	(1.49)	(1.61)

\*Face value of each equity share is Rs. 10 each

GFPL is not listed and has not made any public issue of its shares in the preceding three (3) years. Further, no actions have been taken against GFPL by any Stock Exchange or SEBI. GFPL does not fall under the definition of a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

#### PARTNERSHIP FIRMS

##### 1. M/s. Galaxy Estates & Holdings

M/s. Galaxy Estates & Holdings is a registered partnership firm bearing registration number BA-41315, which is formed vide Partnership Deed dated August 01, 1986. Its office is situated at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai 400 703.

The main object of M/s. Galaxy Estates & Holdings is purchasing properties and letting them out on rent or hire, proving office administration and other services, investing, leasing of plants & machinery, equipment, computers, office equipments, vehicles etc., trading of chemicals and pharmaceuticals and such other business as the partners may mutually agree upon from time to time. M/s. Galaxy Estates & Holdings is currently not engaged in any business. However, it derives income from investment in securities and immovable property.

##### Partners of M/s. Galaxy Estates & Holdings and their respective profit sharing ratio as on March 31, 2010

Partners	Profit Sharing Ratio as on March 31, 2010
Mr. Unnathan Shekhar	20
Mr. Gopalkrishnan Ramakrishnan	20
Mr. Shashikant Rayappa Shanbhag	20
Mr. Sudhir Dattaram Patil	20
Galaxy Emulsifiers Private Limited	20
<b>Total</b>	<b>100</b>

#### Financial Performance

The financial accounts of M/s. Galaxy Estates & Holdings for the last three (3) fiscal years are as follows:

<i>(Rs. in mn)</i>			
Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010
Partners Capital	3.19	3.02	3.07
Total Income	0.11	0.12	0.12
Profit / (Loss) after Tax	(0.07)	(0.04)	(0.04)

##### 2. M/s. Galaxy Investments

M/s. Galaxy Investments is a registered partnership firm bearing registration number BA-14131, which is formed *vide* Partnership Deed dated May 27, 1986. Its office is situated at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai 400 703.

The main object of M/s. Galaxy Investments is financing industrial enterprises by way of loans, deposits, discounting of bills of exchange etc., investing in shares, stocks, debentures, debenture stock, bonds and securities, leasing of plants & machinery, equipment, vehicles etc., trading of chemicals and such other business as the partners may mutually agree upon from time to time. M/s. Galaxy Investments is currently not engaged in any business. However, it derives income from investment in securities.

#### Partners of M/s. Galaxy Investments and their respective profit sharing ratio as on March 31, 2010

Partners	Profit Sharing Ratio as on March 31, 2010
Mr. Unnathan Shekhar	20
Mr. Gopalkrishnan Ramakrishnan	20
Mr. Shashikant Rayappa Shanbhag	20
Mr. Sudhir Dattaram Patil	20
Galaxy Emulsifiers Private Limited	20
<b>Total</b>	<b>100</b>

#### Financial Performance

The financial accounts of M/s. Galaxy Investments for the last three (3) fiscal years are as follows:

Particulars	(Rs. in mn)		
	Fiscal 2008	Fiscal 2009	Fiscal 2010
Partners Capital	3.93	4.14	0.39
Total Income	0.15	0.22	4.97
Profit / (Loss) after Tax	0.15	0.22	4.73

### 3. M/s. Shubh Estates & Properties

M/s. Shubh Estates & Properties is a registered partnership firm bearing registration number BA-17973, which is formed *vide* Partnership Deed dated July 01, 1986. Its office is situated at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai 400 703.

The main object of M/s. Shubh Estates & Properties is financing industrial enterprises by way of loans, deposits, discounting of bills, of exchange etc., investing in shares, stocks, debentures, debenture stock, bonds and securities, leasing of plants & machinery, equipment, vehicles etc., trading of chemicals and such other business as the partners may mutually agree upon from time to time. M/s. Shubh Estates & Properties is currently not engaged in any business. However, it derives income from investment in securities.

#### Partners of M/s. Shubh Estates & Properties and their respective profit sharing ratio as on March 31, 2010

Partners	Profit Sharing Ratio as on March 31, 2010
Mr. Unnathan Shekhar	20
Mr. Gopalkrishnan Ramakrishnan	20
Mr. Shashikant Rayappa Shanbhag	20
Mr. Sudhir Dattaram Patil	20
Galaxy Emulsifiers Private Limited	20
<b>Total</b>	<b>100</b>

#### Financial Performance

The financial accounts of M/s. Shubh Estate & Properties for the last three (3) fiscal years are as follows:

Particulars	(Rs. in mn)		
	Fiscal 2008	Fiscal 2009	Fiscal 2010
Partners Capital	0.22	0.27	0.27
Total Income	0.003	0.003	0.003
Profit / (Loss) after Tax	(0.016)	(0.016)	(0.018)

#### 4. M/s. Galaxy Chemicals

M/s. Galaxy Chemicals is a registered partnership firm bearing registration number B-147420, which is formed *vide* Partnership Deed dated September 01, 1979. Its office is situated at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai 400 703.

The main object of M/s. Galaxy Chemicals is financing industrial enterprises by way of loans, deposits, discounting of bills of exchange etc., investing in shares, stocks, debentures, debenture stock, bonds and securities, leasing of plants & machinery, equipment, vehicles etc., trading of chemicals and such other business as the partners may mutually agree upon from time to time.

Our Company has acquired the undertaking of M/s. Galaxy Chemicals *vide* agreement dated January 04, 1995 on a slump sale basis. M/s. Galaxy Chemicals is currently not engaged in any business. However, it derives income from investment in securities. For further details on the acquisition, please refer to paragraph titled “*Acquisition of M/s. Galaxy Chemicals*” in chapter titled “*History and Certain Corporate Matters*” on page 139 of the Draft Red Herring Prospectus.

#### Partners of M/s. Galaxy Chemicals and their respective profit sharing ratio as on March 31, 2010

Partners	Profit Sharing Ratio as on March 31, 2010
Mr. Unnathan Shekhar	25
Mr. Gopalkrishnan Ramakrishnan	25
Mr. Shashikant Rayappa Shanbhag	25
Mr. Sudhir Dattaram Patil	25
<b>Total</b>	<b>100</b>

#### Financial Performance

The financial accounts of M/s. Galaxy Chemicals for the last three (3) fiscal years are as follows:

Particulars	(Rs. in mn)		
	Fiscal 2008	Fiscal 2009	Fiscal 2010
Partners Capital	64.29	53.44	59.52
Total Income	7.81	11.30	22.68
Profit after Tax/ (Loss)	7.18	10.82	22.12

#### Defunct / Struck-off Companies

None of our Group Entities has remained defunct and no application has been made to the Registrar of Companies for striking off the name of such company, during the five years preceding the date of filing the Draft Red Herring Prospectus.

#### Companies / Firms from which the Promoters have disassociated themselves in last three (3) years

None of our Promoters have disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of the Draft Red Herring Prospectus except as given below:

Sr. No.	Name of the company	Name of the Promoter	Date of disassociation	Reason for disassociation
1.	Meta Concepts Private Limited	Mr. Unnathan Shekhar	March 28, 2008	Resignation.
		Mr. Gopalkrishnan Ramakrishnan	March 28, 2008	Resignation.
		Mr. Shashikant Rayappa Shanbhag	March 28, 2008	Resignation.

## Common Pursuits:

The MoA of our Company and Galaxy Emulsifiers Private Limited (“GEPL”) permits the manufacturing and trading of surface active agents of anionic, cationic, nonionic and amphoteric nature, textile chemicals and auxiliaries, leather chemicals and auxiliaries, paint chemicals and auxiliaries, explosives and resins, perfumery chemicals and intermediaries, perfumes of natural and synthetic origin, essential oils, dye intermediates and dyestuffs of natural and synthetic origin, pigments and colours. However, our Company and GEPL have executed a Non-Compete Agreement dated January 21, 2010, whereby GEPL has undertaken not to engage in similar business as ours. The salient features of the agreement are as follows:

<b>Nature of the Agreement</b>	<p><u>Non-Compete Agreement:</u></p> <p>The Parties to the Agreement are permitted by their MoA to carry on certain businesses which may cause competition among them and at the request of our Company, GEPL has, by this agreement, agreed that it is desirable to avoid competition between them, in view of their relationship as being part of the group Entities.</p>
<b>Non-Compete/Non-solicit clause/Conflict of Interest</b>	<p>GEPL shall not within the Territory whether directly or indirectly through its Affiliate(s), either on its own behalf or on behalf of any person firm or corporation competing or endeavouring to compete with our Company directly or indirectly, solicit or endeavour to solicit or obtain the customer of any person, firm or corporation that is a customer of our Company.</p> <p>Without prejudice to the generality of the aforesaid, GEPL:</p> <p>(a) shall not directly or indirectly through its Affiliate(s), during the subsistence of this Agreement, directly or indirectly operate or cause to be operated any business or undertaking within the Territory which is engaged in or concerned with the Products which are similar to or compete with the Products or the Chemical Business without the prior written approval of our Company, which our Company will not be obliged to provide or grant and</p> <p>(b) further undertakes that it shall not in relation to any of its products or business utilise any existing or future trade mark or name, brand or logo etc; (whether registered or not) that is or maybe owned by/used by our Company without the prior consent of our Company in writing.</p>
<b>Others</b>	<p>(a) The obligations of GEPL herein, as laid down under this Agreement shall take effect from the date of signing hereof and shall be unlimited in time;</p> <p>(b) This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof, if any. Only a further writing that is duly executed by both parties may modify this Agreement;</p> <p>(c) In consideration of our Company allowing GEPL to use our logo “Galaxy”, GEPL shall not carry on or help or assist the carrying on of the Chemical Business (Chemical Business means the business of GSL including the manufacturing and trading in Surface Active Agents and other chemicals);</p> <p>(d) GEPL further agrees that the consideration mentioned above is sufficient for it to undertake its obligations under this Agreement.</p>

Save and except as mentioned above, none of our Group Entities and Subsidiaries have any business interest in our Company. For further details on related party transactions, please refer to Annexure titled “*Related Party Transactions*” in chapter titled “*Auditors’ Report*” on page 204 of the Draft Red Herring Prospectus.

## Sale or purchase between our Company and Our Group Entities

There have been no transactions of sale or purchase between our Company and our Group Entities amounting to 10% of the total turnover of our Company in the last three years.

## Changes in Accounting Policies in the last three years

For details on changes in accounting policies of our Company, please refer to note on “*Matters Requiring Restatement of Accounts of Prior Years*” forming part of the chapter titled “*Auditors’ Report*” on page 184 of the Draft Red Herring Prospectus.



## DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by the Board of Directors and approved by the shareholders at their discretion, subject to the provision of the AoA and the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial position of our Company. Our Company has no formal dividend policy. The Board may also from time to time pay interim dividends. In addition, our ability to pay dividends may be impacted by a number of other factors, including, restrictive covenants under the loan or financing documents we may enter from time to time.

The dividends declared by our Company during the last five (5) fiscal years are as mentioned below:

Particulars	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Face value per (Rs.) Equity Share	10	10	10	10	10
Total Dividend (Rs. in mn) Paid including interim dividend	8.56	42.82	42.82	42.82	69.41
Rate of (%) Dividend	10	50	50	50	40

The amount paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future.

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## SECTION V - FINANCIAL STATEMENTS

### AUDITORS' REPORT

(as required by Part II of Schedule II to the Companies Act, 1956)

The Board of Directors,  
Galaxy Surfactants Limited,  
C-49/2, TTC Industrial Area,  
Pawne, Navi Mumbai 400703.

Dear Sirs,

1. We have examined the attached Restated Standalone Summary Statement of Assets and Liabilities of Galaxy Surfactants Limited ('the Company'), as at March 31, 2010, 2009, 2008, 2007 and 2006 and the related Restated Standalone Summary Statement of Profits and Losses and the Restated Standalone Summary Statement of Cash Flows for the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 (collectively referred to as the 'Restated Standalone Summary Statements'). These Restated Standalone Summary Statements have been prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:

(a) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act')

(b) the Securities and Exchange Board of India - (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI ICDR Regulations'), the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date and pursuant to Section 11 of the Securities and Exchange Board of India Act, 1992 (the 'SEBI Act')

2. We have examined such Restated Financial Information taking into consideration:

- a. the terms of our engagement letter dated June 14, 2010 in connection with the offer document being issued by the Company for its proposed Initial Public Offering ('IPO') of equity shares and
- b. The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

3. **Financial Information as per Audited Financial Statements**

We have examined the 'Restated Standalone Summary Statement of Assets and Liabilities' of Galaxy Surfactants Limited as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure I), the related 'Restated Standalone Summary Statement of Profit and Losses' (Annexure II) and the 'Restated Standalone Summary Statement of Cash Flows' (Annexure III) of Galaxy Surfactants Limited for the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 together referred to herein as 'Standalone Restated Summary Statements'. These Standalone Restated Summary Statements have been extracted by the management from the financial statements of Galaxy Surfactants Limited as at financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 which have been approved by the Board of Directors for the respective years.

The standalone financial statements for financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 were audited by M/s S.V. Pinge & Co., Chartered Accountants. Our report is based on the report furnished by the auditors for the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 and audit carried out by us for the financial year ended March 31, 2010.

4. Based on our examination of the Restated Standalone Summary Statements, we state that:

- (a) The changes due to adoption of Accounting Standards and other changes which require adjustments to arrive at the Restated Standalone Summary Statements are given in Annexure IV.

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- (b) The Restated Standalone Summary Statements have to be read in conjunction with the 'Significant Accounting Policies' given in Annexure V and 'Notes to the Restated Standalone Summary Statements' given in Annexure VA to this Report.
  - (c) The restated profits/losses have been arrived at after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate;
  - (d) There are no extraordinary items that need to be disclosed separately in the Restated Standalone Summary Statements.
  - (e) There are no qualifications in the auditors' report on the financial statements that require adjustments to the Restated Standalone Summary Statements.

5. **Other Financial Information**

We have also examined the following Financial Information relating to the Company and as approved by the Board of Directors and annexed to this Report:

- (a) Significant Accounting Policies as adopted by the Company and Notes to the Restated Standalone Summary Statements (Annexure V & VA);
- (b) Details of Share Capital as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure VI)
- (c) Details of Secured and Unsecured Loans as at March 31, 2010, 2009, 2008, 2007 and 2006. (Annexure VII and VII A)
- (d) Details of Investments as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure VIII)
- (e) Details of Sundry Debtors as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure IX)
- (f) Details of Cash & Bank Balances as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure X)
- (g) Details of Loans and Advances as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XI)
- (h) Details of Current Liabilities and Provisions as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XII)
- (i) Details of Other Income for the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XIII)
- (j) Details of Contingent Liabilities as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XIV)
- (k) Details of Related Party Transactions for the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XV)
- (l) Details of Dividend paid for the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XVI)
- (m) Summary of Accounting Ratios relating to earnings per share, return on net worth and net asset value (Annexure XVII)
- (n) Details of Tax Shelter for the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XVIII)
- (o) Capitalisation Statement as at March 31, 2010 (Annexure XIX)

6. Based on our examination of the Financial Information of the Company attached to this Report, we state that in our opinion, the 'Restated Standalone Summary Statements' and 'Other Financial Information' mentioned above, as at years ended March 31, 2010, 2009, 2008, 2007 and 2006 have been prepared in accordance with paragraph B(1) of Part II of Schedule II of the Act, the SEBI ICDR Regulations and the SEBI Act.
7. This Report should not, in any way, be construed as reissuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statement referred to herein.
8. This Report is intended solely for use of the management and for inclusion in the Offer Document in connection with the proposed initial public offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For P.D. Kunte & Co. (Regd.)  
Chartered Accountants  
Firm Regn. No: 105479W

Place: Mumbai  
Date : 24th July, 2010

D.P. Sapre  
Partner  
Membership. No. 40740

**Annexure No.1 - Restated Standalone Summary Statement of Assets & Liabilities**
*(Rs.in mn)*

	Particulars	As at 31st March				
		2006	2007	2008	2009	2010
(1)	Fixed Assets					
	Gross Block	1681.92	1707.84	1959.30	2347.68	2981.75
	Less Depreciation	560.55	664.07	768.42	893.46	1062.50
	Net Block	1121.37	1043.77	1190.88	1454.22	1919.25
	Less: Revaluation Reserve					
	Add: Capital Work in Progress	3.09	76.70	64.52	104.90	74.74
	Net Block after adjustment for Revaluation Reserve	1124.46	1120.47	1255.40	1559.12	1993.99
(1A)	Investments	4.91	4.91	4.91	5.01	428.63
(2)	Current Assets, Loans and Advances					
	Inventories	502.94	536.18	617.72	681.73	679.59
	Sundry Debtors	381.17	509.11	647.89	797.34	704.30
	Cash and Bank Balances	14.39	10.93	32.91	58.98	111.20
	Loans and Advances	65.81	135.59	157.93	308.17	349.94
	Other Current Assets	0.47	0.06	0.15	0.21	0.01
	Foreign Currency Monetary Item Translation Difference Account	-	-	-	1.92	0.05
	Total	964.78	1191.87	1456.60	1848.35	1845.09
(3)	Liabilities and Provisions:					
	Secured Loans	717.95	563.08	843.25	1104.51	1321.33
	Unsecured Loans	371.15	385.02	174.86	190.62	295.83
	Deferred Tax Liability	154.92	148.32	154.92	161.51	182.12
	Current Liabilities and Provisions	347.27	512.43	623.79	815.95	940.33
	Total	1591.29	1608.85	1796.82	2272.59	2739.61
(4)	Net Worth	502.86	708.40	920.09	1139.89	1528.10
(5)	Represented by					
	Share Capital	85.64	85.64	85.64	85.64	177.27
	Reserves	417.22	622.76	834.45	1054.25	1350.83
	Less: Revaluation Reserve	-	-	-	-	-
	Reserves (Net of revaluation reserves)	417.22	622.76	834.45	1054.25	1350.83
	Net Worth	502.86	708.40	920.09	1139.89	1528.10

The above statement should be read with the significant Accounting Policies and Notes to the Standalone Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure V & VA respectively.

**Annexure No. II - Restated Standalone Summary Statement of Profits & Losses**
*(Rs. in mn)*

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
<b>Income</b>					
<b>Sales-Manufactured</b>					
Domestic	1420.67	1506.05	1649.20	2511.68	2721.22
Export	1275.03	1721.04	2170.01	3029.61	3155.82
<b>Sub-total (a)</b>	<b>2695.70</b>	<b>3227.09</b>	<b>3819.21</b>	<b>5541.29</b>	<b>5877.04</b>
<b>Sales-Traded</b>					
Domestic	-	-	-	-	4.98
Export			1.89	18.90	17.11
<b>Sub-total (b)</b>	<b>-</b>	<b>-</b>	<b>1.89</b>	<b>18.90</b>	<b>22.09</b>
<b>Total Sales (a+b)</b>	<b>2695.70</b>	<b>3227.09</b>	<b>3821.10</b>	<b>5560.19</b>	<b>5899.13</b>
Other Income	5.07	3.41	46.07	34.13	30.29
Increase/(decrease) in inventories	24.49	64.62	22.38	98.88	12.38
<b>Total</b>	<b>2725.26</b>	<b>3295.12</b>	<b>3889.55</b>	<b>5693.20</b>	<b>5941.80</b>
<b>Expenditure</b>					
Material Consumed	1999.83	2266.08	2723.94	4239.66	4133.71
Staff Cost	120.04	153.33	181.62	235.15	296.00
Other Manufacturing Costs	163.71	182.68	216.25	255.68	314.18
Administrative Expenses	72.89	84.66	104.41	135.72	151.75
Loss on Sale/Discard of Assets	0.69	0.10	17.58	6.95	0.41
Selling Expenses	80.04	104.43	105.60	145.51	146.17
Foreign Exchange Fluctuation Loss – Trade related (Net)	-	6.49	-	34.52	1.44
Advance Given written off	-	-	-	-	40.76
<b>Interest and Finance Charges</b>					
Interest	78.97	70.48	83.66	111.81	125.95
Currency Swap & Loan Processing Charges	5.84	0.60	4.09	10.56	9.75
Foreign Exchange Fluctuation Loss/(Gain) on Loans	0.40	(0.40)	(2.26)	50.22	(10.97)
<b>Total</b>	<b>2522.41</b>	<b>2868.45</b>	<b>3434.89</b>	<b>5225.78</b>	<b>5209.15</b>
<b>Net Profit before depreciation, tax &amp; extraordinary items</b>	<b>202.85</b>	<b>426.67</b>	<b>454.66</b>	<b>467.42</b>	<b>732.65</b>
Depreciation	108.21	110.88	120.37	147.01	172.56
<b>Net profit before tax and extraordinary items</b>	<b>94.64</b>	<b>315.79</b>	<b>334.29</b>	<b>320.41</b>	<b>560.09</b>
Current Tax	22.90	71.00	64.10	44.60	136.34
Prior Year Tax Adjustments	-	(5.16)	-	-	(0.28)
Deferred Tax	9.24	(6.60)	6.60	6.59	20.61
Fringe Benefit Tax	1.80	1.30	1.80	2.20	-
<b>Net Profit before extraordinary items</b>	<b>60.70</b>	<b>255.25</b>	<b>261.79</b>	<b>267.02</b>	<b>403.42</b>
Extraordinary Items (net of tax)	-	-	-	-	-
<b>Net Profit after extraordinary items</b>	<b>60.70</b>	<b>255.25</b>	<b>261.79</b>	<b>267.02</b>	<b>403.42</b>

The above statement should be read with the significant Accounting Policies and Notes to the Standalone Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure V & VA respectively.

**Annexure III – Restated Standalone Statement of Cash Flows**
*(Rs. in mn)*

	Particulars	For the Year Ended 31st March				
		2006	2007	2008	2009	2010
<b>A</b>	<b>Cash Flow from Operating Activities:</b>					
	Net Profit before tax, Extraordinary items	94.64	315.79	334.29	320.41	560.09
	Adjustments for:					
	Depreciation	108.21	110.88	120.37	147.01	172.56
	Interest Paid	85.21	70.68	85.49	172.59	124.73
	Loss on Sale of Assets	0.69	0.10	17.58	6.95	0.41
	Interest Income	(0.53)	(0.45)	(1.03)	(0.89)	(6.55)
	Dividend Income	(0.04)	(0.06)	(0.04)	(0.05)	(0.09)
	<b>Operating Profit before Working Capital changes</b>	<b>288.18</b>	<b>496.94</b>	<b>556.66</b>	<b>646.02</b>	<b>851.15</b>
	<b>Working Capital changes</b>					
	(Increase)/ Decrease in Trade & Other Receivables	(16.54)	(127.94)	(138.78)	(149.45)	93.04
	(Increase)/ Decrease in Other Advances	(2.64)	(49.80)	(29.36)	(121.57)	(50.81)
	(Increase)/ Decrease in Inventories	24.41	(33.24)	(81.54)	(64.01)	2.14
	Increase/ (Decrease) in Current Liabilities & Other Liabilities	(16.80)	140.07	96.32	187.37	125.27
	<b>Cash generated from Operations</b>	<b>276.61</b>	<b>426.03</b>	<b>403.30</b>	<b>498.36</b>	<b>1,020.79</b>
	Income Taxes paid (Net)	(28.81)	(87.33)	(58.88)	(70.68)	(108.92)
	<b>Net Cash Flow from Operating Activities (a)</b>	<b>247.80</b>	<b>338.70</b>	<b>344.42</b>	<b>427.68</b>	<b>911.87</b>
<b>B</b>	<b>Cash Flow from Investing Activities:</b>					
	Capital Expenditure	(83.34)	(108.40)	(273.64)	(458.18)	(608.54)
	Sale of Fixed Assets	0.16	1.42	0.76	0.50	0.69
	Investments in Subsidiaries	-	-	-	(0.10)	(423.59)
	Other Investments	-	-	-	-	(0.03)
	Interest received	0.53	0.45	1.03	0.89	6.55
	Dividend Income	0.04	0.06	0.04	0.05	0.09
	Redemption of IDBI bonds	0.10	-	-	-	-
	<b>Net Cash used in Investing Activities (b)</b>	<b>(82.51)</b>	<b>(106.47)</b>	<b>(271.81)</b>	<b>(456.84)</b>	<b>(1,024.83)</b>
<b>C</b>	<b>Cash Flow from Financing Activities:</b>					
	Issue of Equity Shares	-	-	-	-	66.00
	Net Secured Borrowings	(219.23)	(154.87)	280.17	261.26	216.82
	Fixed Deposits	(0.62)	(4.43)	7.10	16.12	105.17
	Receipt/ (Repayment) of Loans from Directors	9.03	(4.23)	0.44	(1.59)	(5.94)
	Loan from others	150.00	20.05	(216.01)	3.33	12.72
	Interest Paid	(85.21)	(70.68)	(85.49)	(172.59)	(124.73)
	Sales Tax Deferrals / MIDC Incentives	4.59	2.48	(1.69)	(2.10)	(6.74)
	Foreign Currency Translation Difference	-	-	-	0.96	1.87
	Equity Dividend & Dividend Tax thereof	(24.41)	(24.42)	(35.06)	(50.10)	(100.19)
	<b>Net Cash Flow from Financing Activities (c)</b>	<b>(165.85)</b>	<b>(236.10)</b>	<b>(50.54)</b>	<b>55.29</b>	<b>164.98</b>
	Net Increase / (Decrease) in Cash and Cash Equivalents (a+b+c)	(0.56)	(3.87)	22.07	26.13	52.02
	Cash and Cash Equivalents as at the beginning of the year	15.42	14.86	10.99	33.06	59.19
	Cash and Cash Equivalents as at the end of the year	14.86	10.99	33.06	59.19	111.21
	Net Increase / (Decrease) in Cash and Cash Equivalents	<b>(0.56)</b>	<b>(3.87)</b>	<b>22.07</b>	<b>26.13</b>	<b>52.02</b>

**Annexure No. IV - Statement of Reconciliation of Profit as per audited accounts and restated profits**

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
Profit as per Audited Financials	56.65	257.57	263.97	267.17	403.57
Add/(Less) Adjustments :					
Foreign Exchange Fluctuations- adjusted against cost of Fixed Assets (AS-11)	2.94	0.30	(1.77)	-	-
Depreciation on account of above adjustment	-	(0.30)	(0.34)	(0.15)	(0.15)
Actuarial Value of Gratuity/ Leave Salary (AS-15)	1.68	(3.50)	-	-	-
Deferred Tax effect on account of above adjustment	(0.57)	1.18	(0.07)	-	-
<b>Restated Profit as per statement of profit and loss</b>	<b>60.70</b>	<b>255.25</b>	<b>261.79</b>	<b>267.02</b>	<b>403.42</b>

**NOTE ON MATTERS REQUIRING RESTATEMENT OF ACCOUNTS OF PRIOR YEARS**

**AS-11 - The Effect of changes in Foreign Exchange Rates**

During the accounting year ended 31st March, 2009, the Company exercised the option provided in the newly inserted Para 46 in AS-11 issued by ICAI under which exchange differences in respect of long term foreign currency liability arising on or after 1st April, 2007 were either adjusted to cost of asset and depreciated over the life of the asset or accumulated in Foreign Currency Monetary Item Translation Difference Account and amortised over balance period of the liability but not beyond 31st March, 2011. In the restated financial information similar effect to the said Para 46 of AS-11 has been given with effect from 1st April, 2005.

**AS-15 - Employee Benefits**

The Company had, with effect from 1st April, 2007 adopted Accounting Standard 15 [Revised] on Employee Benefits issued by ICAI. Consequently, the Company had recorded the difference between liability as per revised AS-15 and liability existing at the same date as per pre-revised AS-15 (net of deferred taxes) as a deduction from General Reserve. In the restated financial information effect of Revised AS-15 has been given with effect from 1st April, 2005 and difference between liability as per revised AS-15 and liability existing on 1st April, 2005 as per revised AS-15 (net of deferred taxes) has been shown as a deduction from General Reserve.



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**Annexure No. V – Significant Accounting Policies**

Accounting policies adopted in preparation of financial statements:

(a) **Basis for preparation of accounts :**

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards notified by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(b) **Revenue Recognition :**

Revenue/Income and Cost/Expenditure are generally accounted on accrual basis as they are earned or incurred, except in case of significant uncertainties.

Sales are recognised when goods are supplied and are recorded net of sales tax, sales returns and trade discounts.

Interest income is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

Dividend income on investments is accounted for as and when the right to receive the payment is established.

(c) **Fixed Assets :**

Fixed Assets are stated at cost less depreciation. The cost of fixed assets includes all costs incidental to acquisition, including taxes, duties (net of CENVAT and set-off), cost of installation and commissioning, interest on specific borrowings obtained for the purposes of acquiring the fixed assets and other indirect expenses, incurred upto trial run.

(d) **Depreciation on Fixed Assets:**

Depreciation is provided on straight line basis at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deletions during the year is provided on pro-rata basis from/upto the date of such addition/deletion.

Leasehold Land is amortised over the period of lease.

(e) **Valuation of Inventories:**

Inventories are valued at lower of cost and net realisable value. Cost of inventories is ascertained on the weighted average basis and includes, in the case of finished goods and work-in-process, production overheads at pre-determined rates and excise duty, where applicable.

(f) **Investments:**

Investments being long term are stated at cost.

(g) **Foreign Currency Translations:**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions.

Foreign currency assets and liabilities are converted at contracted/year end rates as applicable.

Exchange differences on settlement/conversion, other than in respect of long term monetary items arising after 1st April, 2007 till 31st March, 2011 are recognised in the Profit and Loss Account. The exchange difference in respect of long term monetary items arising after 1st April, 2007 till 31st March, 2011 to the extent they relate to acquisition of fixed assets are adjusted to the cost of fixed assets and the balance is accumulated in the 'Foreign Currency Monetary Item Translation Difference Account', which is amortised over the balance period of long term monetary item; but not later than 31st March, 2011. Wherever forward contracts are entered into, the premium is dealt with in the Profit and Loss Account over the period of the contracts.

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(h) **Research & Development:**

Revenue expenditure on Research and Development is charged to the Profit & Loss Account of the year in which it is incurred. Capital expenditure on Research and Development is shown as an addition to Fixed Assets.

(i) **Employee Benefits:**

Gratuity and Leave Encashment which are defined benefits, are provided on the basis of actuarial valuation at the balance sheet date carried out by an independent actuary.

Contributions payable to the Government Provident Fund which is a defined contribution plan is charged to Profit and Loss Account during the year.

(j) **Borrowing Costs:**

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalized as part of cost of such assets up to the date the assets are ready for intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

(k) **Taxation:**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(l) **Segment Reporting:**

The Company has considered business segment as the primary segment. The Company is engaged in the manufacture of Specialty Chemicals, which in the context of Accounting Standard 17 is considered as the only business segment.

(m) **Earning Per Share:**

Basic earning per share is calculated by dividing the net profit for the year attributable to the Equity shareholders by the weighted average of the number of equity shares outstanding during the year.

(n) **Prior Period Items:**

All identifiable items of Income and Expenditure pertaining to prior period are accounted through "Prior Period Adjustment Account".

(o) **Impairment of Assets:**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount and difference is recognised in the Profit and Loss Account.

(p) **Provision and Contingent Liabilities:**

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Company has a possible obligation and it is probable that a cash outflow will not be required to settle the obligation.

# Annexure No. VA - Notes to Accounts

## (a) Estimated amount of Contracts remaining to be executed on capital account (Net of Advances)

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
Contracts remaining to be executed on Capital Account (Net of Advances)	1.74	52.90	32.58	51.01	195.91

## (b) Earning in Foreign Currencies :

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
FOB Value of Exports	1143.14	1648.32	2109.05	2904.13	3036.46

## (c) Expenditure in Foreign Currencies :

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
Foreign Travel	2.41	5.74	5.36	6.46	5.93
Commission on Exports	13.20	16.72	21.17	33.01	32.03
Professional Fees	3.14	2.46	6.95	3.76	9.49
Books, Periodicals, Exhibition, Subscription, & Membership, Training, Seminar.	1.91	3.36	2.41	7.10	3.71
Interest & Processing Charges on Borrowings	6.35	6.99	3.49	12.97	10.47
Advances no longer recoverable	-	-	-	-	40.76
Others	10.05	10.55	20.52	20.06	11.61

## (d) Research & Development Expenses

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
Salaries and Allowances	4.12	4.44	8.31	12.18	14.61
R&D Materials & Other Expenses	4.21	7.01	10.66	22.65	16.68
Professional Fees	0.00	1.10	2.38	5.06	5.36
Capital Expenditure	0.17	0.39	3.41	34.48	2.79
<b>Total</b>	<b>8.50</b>	<b>12.94</b>	<b>24.76</b>	<b>74.37</b>	<b>39.44</b>

## (e) Restated Standalone Earning/ (Loss) Per Share

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
Net Profit/ (Loss) attributable to Equity shareholders	60.70	255.25	261.79	267.02	403.42
Weighted average number of equity shares for Basic and Diluted Earnings	17,127,376	17,127,376	17,127,376	17,127,376	17,129,020
Basic and Diluted Earnings per share (Rs.)	3.54	14.90	15.28	15.59	23.55
Face value per share (Rs.)	10	10	10	10	10

## (f) Restated Major Components of Deferred Tax Assets and Deferred Tax Liabilities

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
<b>Deferred Tax Liabilities :</b>					
Fixed Assets & Depreciation	159.93	154.12	162.48	172.51	195.20

<b>Deferred Tax Assets :</b>					
Retirement Benefits	(5.01)	(5.80)	(7.30)	(11.00)	(12.59)
Others	-	-	(0.26)	-	(0.49)
<b>Total</b>	<b>154.92</b>	<b>148.32</b>	<b>154.92</b>	<b>161.51</b>	<b>182.12</b>

**(g) Amounts due to Micro and Small Enterprises**

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
<b>Due to Micro and Small Enterprises *</b>	<b>2.32</b>	<b>0.94</b>	<b>2.63</b>	<b>4.49</b>	<b>5.03</b>
(To the extent such parties have been identified from available information)					

\* There are no small scale undertakings (to the extent such parties have been identified from available information) to whom an amount of Rs. 1 Lac or more was payable and outstanding for more than 45 days.

**(h) Managerial Remuneration**

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
<b>Managerial Remuneration - Managing Director and Whole Time Directors</b>					
Salary & Allowances	8.58	8.65	7.82	18.72	18.56
Commission	-	13.50	22.00	13.60	14.10
Perquisites	0.54	0.85	0.14	0.76	0.36
Contribution to Provident Fund & Other Funds	0.79	0.69	0.63	1.50	1.71
<b>Managerial Remuneration - Non Executive Directors</b>					
Commission	-	-	1.43	1.50	1.50
<b>Total</b>	<b>9.91</b>	<b>23.69</b>	<b>32.02</b>	<b>36.08</b>	<b>36.23</b>

**(i) Defined Contribution plans - Provident fund**

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
Employer's Contribution	6.02	6.60	7.37	9.39	12.09

**(i) Defined Benefit Plans- Gratuity**

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
<b>Actuarial Assumptions for the year</b>					
Discount Rate	8.00%	8.00%	8.25%	8.00%	8.25%
Expected Rate of Return on Plan Assets	8.50%	9.00%	9.00%	9.00%	9.00%
Proportion of Employees opting for early retirement	0.00%	0.00%	0.00%	0.00%	0.00%
Average Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Changes in the Present Value of Obligation</b>					
Present Value of the Obligation as at beginning of the year	14.71	16.95	20.84	24.83	35.75
Interest Cost	1.18	1.36	1.72	1.99	2.95
Past Service Cost	-	-	-	-	-
Current Service Cost	1.41	1.64	1.99	1.92	3.55
Curtailment Cost / (Credit)	-	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-	-
Benefits paid	(0.73)	(0.39)	(0.52)	(1.00)	(0.31)
Actuarial (Gain) / Loss on obligations	0.38	1.28	0.80	8.01	2.54
Present Value of the Obligation as at end of the year	16.95	20.84	24.83	35.75	44.48
<b>Changes in Fair Value of Plan Assets:</b>					
Present Value of Plan Assets as at beginning of the year	7.00	9.51	13.13	16.68	21.22
Expected Return on Plan Assets	0.68	0.97	1.28	1.63	2.05
Actuarial Gain / (Loss) on Plan Assets	(0.02)	0.01	0.03	0.00	0.08
Contributions made by the Company	2.58	3.03	2.76	3.91	3.47
Benefits Paid	(0.73)	(0.39)	(0.52)	(1.00)	(0.31)
Fair Value of Plan Assets as at end of the year	9.51	13.13	16.68	21.22	26.51
<b>Actual Return on Plan Assets</b>					
Expected Return on Plan Assets	0.68	0.97	1.28	1.63	2.05
Actuarial gain / (loss) on Plan Assets	(0.02)	0.01	0.03	0.00	0.08
Actual Return on Plan Assets	0.66	0.98	1.31	1.63	2.13
<b>Reconciliation of the Present Value of Defined Benefit Obligation &amp; the Fair Value of Assets</b>					
Present Value of the Funded obligation as at end of the year	16.95	20.84	24.83	35.75	44.48
Fair Value of Plan Assets as at end of the year	9.51	13.13	16.68	21.22	26.51
Present Value of Unfunded Obligation as at end of the year	-	-	-	-	-
Net Liability recognised in the Balance Sheet	7.44	7.71	8.15	14.53	17.97
<b>Expenses Recognised in the Profit &amp; Loss Account</b>					
Current Service Cost	1.41	1.64	1.99	1.92	3.55
Past Service Cost	-	-	-	-	-
Interest Cost	1.18	1.36	1.72	1.99	2.95
Expected Return on Plan Assets	(0.68)	(0.97)	(1.28)	(1.63)	(2.05)
Curtailment Cost / (Credit)	-	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-	-
Net Actuarial Gain / (Loss) to be recognised	0.40	1.28	0.78	8.01	2.46
Total Expenses recognised in the Profit and Loss Account	2.31	3.31	3.21	10.29	6.91
<b>Percentage of each category of Plan Assets to the total Fair Value of Plan Assets as at end of the year</b>					
Bank Deposits (Special Deposit Scheme 1975)	-	-	-	-	-
Debt Instruments	-	-	-	-	-
Administered by Life Insurance Corporation of India	100%	100%	100%	100%	100%
Others	-	-	-	-	-
<b>The actual return on Plan Assets:</b>					
Actual Returns on Plan Assets administered by LIC of India	0.66	0.98	1.31	1.63	2.13

**(k) Defined Benefit Plans- Leave Encashment**
*(Rs. in mn)*

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
<b><u>Actuarial Assumptions for the year</u></b>					
Discount Rate	8.00%	8.00%	8.25%	8.00%	8.25%
Expected Rate of Return on Plan Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Proportion of Employees opting for early retirement	0.00%	0.00%	0.00%	0.00%	0.00%
Average Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%	5.00%
<b><u>Changes in the Present Value of Obligation</u></b>					
Present Value of the Obligation as at beginning of the year	8.59	10.23	11.15	13.33	17.83
Interest Cost	0.69	0.82	0.92	1.07	1.47
Past Service Cost	-	-	-	-	-
Current Service Cost	0.62	0.73	1.28	1.55	1.41
Curtailment Cost / (Credit)	-	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-	-
Benefits paid	(0.62)	(1.45)	(0.49)	(0.87)	(0.15)
Actuarial (gain) / loss on obligations	0.95	0.82	0.47	2.75	2.61
Present Value of the Obligation as at end of the year	10.23	11.15	13.33	17.83	23.17
<b><u>Changes in Fair Value of Plan Assets:</u></b>					
Present Value of Plan Assets as at beginning of the year	-	-	-	-	-
Expected Return on Plan Assets	-	-	-	-	-
Actuarial Gain / (Loss) on Plan Assets	-	-	-	-	-
Contributions made by the Company	-	-	-	-	-
Benefits Paid	-	-	-	-	-
Fair Value of Plan Assets as at end of the year	-	-	-	-	-
<b><u>Actual Return on Plan Assets</u></b>					
Expected Return on Plan Assets	-	-	-	-	-
Actuarial gain / (loss) on Plan Assets	-	-	-	-	-
Actual Return on Plan Assets	-	-	-	-	-
<b><u>Reconciliation of the Present Value of Defined Benefit Obligation &amp; the Fair Value of Assets</u></b>					
Present Value of the Funded obligation as at end of the year	-	-	-	-	-
Fair Value of Plan Assets as at end of the year	-	-	-	-	-
Present Value of Unfunded Obligation as at end of the year	10.23	11.15	13.33	17.83	23.17
Net Liability recognised in the Balance Sheet	10.23	11.15	13.33	17.83	23.17
<b><u>Expenses Recognised in the Profit &amp; Loss Account</u></b>					
Current Service Cost	0.62	0.73	1.28	1.55	1.41
Past Service Cost	-	-	-	-	-
Interest Cost	0.69	0.82	0.92	1.07	1.47
Expected Return on Plan Assets	-	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-	-
Net Actuarial gain / (loss) to be recognized	0.95	0.82	0.47	2.75	2.61
Total Expenses recognised in the Profit and Loss Account	2.26	2.37	2.67	5.37	5.49
<b><u>Percentage of each category of Plan Assets to the total Fair Value of Plan Assets as at end of the year</u></b>					
Bank Deposits (Special Deposit Scheme 1975)	-	-	-	-	-
Debt Instruments	-	-	-	-	-
Administered by Life Insurance Corporation of India	-	-	-	-	-
Others	-	-	-	-	-
<b><u>The actual return on Plan Assets:</u></b>					
Actual Returns on Plan Assets administered by LIC of India	-	-	-	-	-

**(l) Classification of Inventories as required by AS-2 "Valuation of Inventories"**

(Rs. in mn)

Particulars	As at 31st March				
	2006	2007	2008	2009	2010
Raw Materials	135.90	124.15	190.44	163.40	150.48
Packing Materials	47.83	31.61	28.78	20.97	19.80
Finished Goods	91.61	172.37	185.86	192.91	241.08
Work-in-Process	171.21	155.07	163.96	255.79	220.00
Consumables, Stores & Others	56.39	52.98	48.68	48.66	48.23
<b>Total</b>	<b>502.94</b>	<b>536.18</b>	<b>617.72</b>	<b>681.73</b>	<b>679.59</b>

**(m) Derivative Instruments**

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The following are the outstanding forward exchange contracts entered into by the Company as at 31st March, 2010 :

Particulars	31st March, 2010
<b>Sell</b>	
US \$ (In mn)	<b>1.60</b>
Cross currency INR	

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(Rs. in mn)

Particulars	As at 31st March, 2010
<b>Receivables</b>	
In Euro	0.41
(Equivalent approximate in Rs.)	24.62
In USD	12.55
(Equivalent approximate in Rs.)	563.44
<b>Payables</b>	
In Euro	0.22
(Equivalent approximate in Rs.)	13.52
In USD	16.83
(Equivalent approximate in Rs.)	755.45

- (n) During the year ended March 31, 2010, the Company, through its step-down subsidiary, entered into a joint venture, viz., OTC GmbH, Germany [OTC] with a JV partner from Germany. In the course of the business the Company entered into agreements with OTC for acquisition of technology for a specialty product and purchase of customised machinery to manufacture the same. Under these agreements advances aggregating to Euro 0.60 mn (Equivalent to Rs. 40.76 mn) were paid to OTC. As there was inability on the part of OTC to demonstrate the technology for manufacture of the product as well as to deliver the machinery within the stipulated time lines, the Company was forced to cancel the contracts and ask for refund of the advances made. OTC, due to its substantial operational losses was not in a position to refund the advances and hence the same had to be written off to Profit & Loss Account as not recoverable. OTC ceased to be a step down subsidiary of the Company with effect from March 25, 2010.



# **Annexure No. VI - Restated Statement of Share Capital**

(Rs. in mn)

Particulars	As at 31st March				
	2006	2007	2008	2009	2010
<b>Authorised Share Capital</b>					
Equity Shares of Rs.10 each	150	150	150	250	500
Preference Shares of Rs.10 each	100	100	100	-	-
<b>Issued, Subscribed &amp; Paid up</b>					
<b>Equity Share Capital</b>					
Equity Share of Rs.10 each	85.64	85.64	85.64	85.64	177.27
<b>Total</b>	<b>85.64</b>	<b>85.64</b>	<b>85.64</b>	<b>85.64</b>	<b>177.27</b>

*Note: During the year ended March 31, 2010, 85,63,688 equity shares of Rs.10/- each fully paid up were issued as bonus shares by capitalisation of securities premium and capital redemption reserve.*

**Annexure No. VII - Restated Standalone Statement of Secured Loans**
*(Rs. in mn)*

Particulars	Security	Date of availment	Amount Outstanding As at 31st March					Sanctioned Amount	Rate of Interest p.a.	Repayment Terms
			2006	2007	2008	2009	2010			
Term Loan										
	First charge on fixed assets & second charge on current assets (stocks & receivable s)									
IDBI Ltd.		Jun. 2003	18.22	2.85	-	-	-	77.59	Libor+ 350bps	NA
Co-operative Centrale Raiffeisen Boerenieen Bank BA (Rabo Bank Singapore Branch)		Jan. 2003	78.09	32.61	-	-	-	136.71	Libor+ 175bps	NA
Development Credit Bank		Sep. 2004	24.80	-	-	-	-	50.00	7.95%	NA
Rabo India Finance Pvt Ltd.		Jan. 2003	163.64	-	-	-	-	200.00	8.90%	NA
Rabo India Finance Pvt Ltd.		Jan. 2003	42.80	-	-	-	-	100.00	8.25%	NA
The Saraswat Co-op. Bank Ltd.		Mar. 2007	-	91.66	58.21	24.95	-	91.66	9.75%	NA
DBS Bank Limited		Jan. 2008	-	-	200.58	253.60	220.59	US \$ 5 million	JPY 3M LIBOR +0.96% margin	Four installments of US\$ 1.25 mn each July'10 & Aug 2010 & July 2011 & Aug 2011
The Saraswat Co-op. Bank Ltd.	Jul. 2007	-	-	200.00	200.00	200.00	200.00	10.00% (PLR-3%)	Total tenor 18 months with drawdown option for part/full loan amount anytime during 18 months period with 30 days notice & with full/part prepayment option in every 6 months	
The Saraswat Co-op. Bank Ltd.	Dec. 2009	-	-	-	-	50.00	250.00	10.50% (PLR – 250 bps)	20 quarterly repayments after 1.5 years moratorium.	
Shamrao Vithal Co-op. Bank Ltd.	First Charge on fixed Assets & second charge on current	Dec. 2009	-	-	-	-	50.00	10.50% (The Saraswat Co-op Bank Ltd. PLR – 250 bps)	20 quarterly repayments after 1.5 years moratorium	

	assets (stocks & receivable s)									
IDBI Bank Ltd.		Dec. 2009	-	-	-	-	50.00	250.00	10.50% (PLR – 225 bps)	20 quarterly repayments after 1.5 years moratorium
Standard Chartered Bank Ltd.		Nov. 2009	-	-	-	-	377.02	US \$ 12 million	3M LIBOR+2 75bps	Quarterly Repayments after Moratorium(15 months moratorium) 1st year Nil, 2nd year 15%, 3rd year 25%, 4th year 30% & 5th year 30%
<b>Sub-total (a)</b>			<b>327.55</b>	<b>127.12</b>	<b>458.79</b>	<b>478.55</b>	<b>947.61</b>			
<b>Working Capital Facilities with Banks</b>										
(Working capital facilities comprise OD/CC, export finance, buyers credit etc. The interest rates given below are the rates applicable on OD/CC. Export finance / buyers credit have been availed at rates prescribed by RBI and are lower than the rates given below)										
The Saraswat Co-op. Bank Ltd.	Hypotheca tion of Stocks & Receivable s (first Charge) second charge on fixed assets		206.73	295.63	216.34	97.67	160.81	354.00	9.90% PLR - margin (Floating)	
Union Bank of India			69.41	20.32	-	-	-	-	(PLR - margin)	
Standard Chartered Bank			114.26	120.01	148.40	430.69	183.42	650.00	10.25%	
IDBI Bank Ltd.			-	-	6.95	-	4.66	450.00	11.75% (PLR - margin)	
Citibank N.A.			-	-	12.77	97.60	24.83	250.00	13.00%	
<b>Sub-total (b)</b>			<b>390.40</b>	<b>435.96</b>	<b>384.46</b>	<b>625.96</b>	<b>373.72</b>			
<b>Total (a+b)</b>			<b>717.95</b>	<b>563.08</b>	<b>843.25</b>	<b>1104.51</b>	<b>1321.33</b>			

**Annexure No. VII A - Details of Unsecured Loan**
*(Rs.in mn)*

S. No.	Particulars	Date of availment	As at 31st March					Total Sanctioned Amount	Interest Rate (p.a.)	Repayable on
			2006	2007	2008	2009	2010			
1	IDBI	2006	200.00	200.00	-	-	-	200.00	8%	NA
2	Standard Chartered Bank	2007	-	20.05	4.04	7.37	20.09	50.00	11.25%	
3	Deferral Sales Tax		79.48	81.96	80.27	78.17	71.43	NA		Based on the sales tax scheme
4	Fixed Deposits									
	a) Directors & Relatives		9.98	7.83	4.37	18.86	44.63	NA	Various rates	1 – 3 years
	b) Others		69.24	66.96	77.52	79.15	158.55	NA		
5	Loan from Directors		12.45	8.22	8.66	7.07	1.13	NA	Interest free loan	
	<b>Total</b>		<b>371.15</b>	<b>385.02</b>	<b>174.86</b>	<b>190.62</b>	<b>295.83</b>			

**Annexure No. VIII - Details of Investment on Standalone Basis**
*(Rs. in mn)*

Sr. No.	Particulars	As at 31st March									
		2006		2007		2008		2009		2010	
		No. of Shares/ Bonds	Total Book Value	No. of Shares/ Bonds	Total Book Value	No. of Shares/ Bonds	Total Book Value	No. of Shares/ Bonds	Total Book Value	No. of Shares/ Bonds	Total Book Value
	<b>Unquoted</b>										
1	The Saraswat Co-op. Bank Ltd.- Equity Shares	2020	0.02	2020	0.02	2020	0.02	2020	0.02	2020	0.02
2	The North Kanara G.S.B. Co-op Bank Ltd. – Equity Shares	15000	0.15	15000	0.15	15000	0.15	15000	0.15	15000	0.15
3	National Savings Certificates *	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
4	Kisan Vikas Patra *	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
5	Shamrao Vithal Co-op Bank Ltd – Equity Shares	-	-	-	-	-	-	-	-	1000	0.03
6	Galaxy Chemicals Inc. (Subsidiary) – Equity Shares	12000	4.62	12000	4.62	12000	4.62	12000	4.62	12000	4.62
7	Galaxy Holdings (Mauritius) Ltd (Subsidiary)- Equity Shares	-	-	-	-	-	-	1	*0.00	500000	23.72
8	Galaxy Holdings (Mauritius) Ltd (Subsidiary)- Preference Shares	-	-	-	-	-	-	-	-	8350000	398.12
9	Share Application Money with Galaxy Holdings (Mauritius) Ltd (Subsidiary)	-	-	-	-	-	-	-	0.10	-	1.85
	<b>Sub total</b>		<b>4.79</b>		<b>4.79</b>		<b>4.79</b>		<b>4.89</b>		<b>428.51</b>
	<b>Quoted</b>										
1	Union Bank of India	7200	0.12	7200	0.12	7200	0.12	7200	0.12	7200	0.12
	<i>Market Value of quoted Investments</i>		<i>0.88</i>		<i>0.75</i>		<i>1.02</i>		<i>1.06</i>		<i>2.11</i>
	<b>Total</b>		<b>4.91</b>		<b>4.91</b>		<b>4.91</b>		<b>5.01</b>		<b>428.63</b>

*\*Amount less than Rs. 10,000*

**Annexure No. IX - Age wise analysis of Sundry Debtors on Standalone Basis**
*(Rs. in mn)*

Particulars	As at 31st March				
	2006	2007	2008	2009	2010
<b>(Unsecured, considered doubtful)</b>					
- Outstanding for a period less than six months	-	-	-	-	-
- Outstanding for a period exceeding six months	-	-	-	-	-
<b>(Unsecured, considered good)</b>					
- Outstanding for a period less than six months	379.65	503.87	638.64	781.70	699.66*
- Outstanding for a period exceeding six months	1.52	5.24	9.25	15.64	4.64
Less: Provision for Doubtful debts	-	-	-	-	-
<b>Total</b>	<b>381.17</b>	<b>509.11</b>	<b>647.89</b>	<b>797.34</b>	<b>704.30</b>

**Note:**

\*Includes Rs.9.58 mn receivable from a subsidiary company.

There are no receivables due from promoters/ promoters' group / Directors.

**Annexure No. X - Statement of Cash & Bank Balances**

*(Rs. in mn)*

Particulars	As at 31st March				
	2006	2007	2008	2009	2010
<b>Cash on Hand</b>	2.51	2.20	3.16	2.91	2.62
<b>Balance with Banks</b>					
- On Current Account	7.46	5.68	26.88	53.02	106.82
- On Deposit Account	4.42	3.05	2.87	3.05	1.76
<b>Total</b>	<b>14.39</b>	<b>10.93</b>	<b>32.91</b>	<b>58.98</b>	<b>111.20</b>

**Annexure No. XI - Statement of Loans and Advances on Standalone Basis**
**(Rs. in mn)**

Particulars	As at 31st March				
	2006	2007	2008	2009	2010
<b>Advances and Loans to-</b>					
- Subsidiaries	-	-	-	47.79	2.14
- Others					
Employees Loans & Advances	2.95	2.90	3.46	2.51	2.95
Prepaid Expenses	4.75	5.78	7.66	15.78	10.95
Statutory Receivables	27.77	39.54	60.13	126.44	195.92
Advances to Suppliers	3.06	17.89	21.76	10.37	15.50
Insurance Deposit	9.19	9.07	8.06	10.21	15.82
Loan to GSL Employee Welfare Trust	-	-	-	-	25.82
Other Receivables	1.16	2.45	1.07	7.98	12.85
Tender, Security & Other Deposits	7.44	7.25	8.06	10.62	11.28
Balance with Excise Dept in Current Account	9.49	30.73	34.77	34.84	24.12
Advance Income Tax (Net of Provision for Tax)	-	19.98	12.96	41.63	32.59
<b>Total</b>	<b>65.81</b>	<b>135.59</b>	<b>157.93</b>	<b>308.17</b>	<b>349.94</b>



**Annexure No. XII - Restated Statement of Current Liabilities & Provisions**

(Rs.in mn)

Particulars	As at 31st March				
	2006	2007	2008	2009	2010
<b>Current Liabilities</b>					
Sundry Creditors & Expenses Payable	297.39	425.55	498.53	372.47	500.40
Bills Payable	-	-	-	306.09	264.94
Creditors for Capital Expenditure	5.20	2.72	9.92	6.42	14.67
Advance from Customers	2.60	9.89	16.78	17.85	25.68
Unclaimed Dividend	0.71	0.84	0.96	1.10	1.90
Security & Other Deposits	0.33	0.40	0.87	0.87	0.86
Other Liabilities	12.00	16.46	20.03	15.14	17.43
Interest accrued but not due	4.46	2.65	5.12	8.77	19.31
<b>Sub-total (a)</b>	<b>322.69</b>	<b>458.51</b>	<b>552.21</b>	<b>728.71</b>	<b>845.19</b>
<b>Provisions</b>					
Provision for Taxation (Net of payments)	0.21	-	-	4.79	22.89
Proposed Dividend	8.56	29.97	42.82	42.82	26.59
Provision for Dividend Distribution Tax	1.20	5.09	7.28	7.28	4.52
Provision for Retirement Benefits	14.61	18.86	21.48	32.35	41.14
<b>Sub-total (b)</b>	<b>24.58</b>	<b>53.92</b>	<b>71.58</b>	<b>87.24</b>	<b>95.14</b>
<b>Total (a + b)</b>	<b>347.27</b>	<b>512.43</b>	<b>623.79</b>	<b>815.95</b>	<b>940.33</b>

**Note:** There are no amounts due and outstanding in respect of unpaid dividend, unpaid matured deposits and interest accrued thereon to be credited to Investors Education and Protection Fund

**Annexure No. XIII - Details of Restated Other Income on Standalone Basis**

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
Dividend Income	0.04	0.06	0.04	0.05	0.09
Interest on Bank Deposits	0.44	0.29	0.82	0.30	0.30
Sale of Scrap etc	2.09	1.65	4.00	4.77	3.98
Interest –Others	0.09	0.16	0.21	0.59	6.25
Miscellaneous Income	0.79	0.73	2.27	3.03	2.55
Income from Cash discount	-	0.52	0.07	8.39	17.12
Compensation Received	-	-	-	17.00	-
Foreign Exchange Gain	1.62	-	38.66	-	-
<b>Total</b>	<b>5.07</b>	<b>3.41</b>	<b>46.07</b>	<b>34.13</b>	<b>30.29</b>

#### **Annexure No. XIV - Contingent Liabilities on Standalone Basis**

The Company has the following Contingent Liabilities for which no provision has been made in the books of accounts

(Rs. in mn)

Sr.No.	Particulars	As at 31st March				
		2006	2007	2008	2009	2010
1	Counter guarantees given to banks	32.04	18.18	15.92	15.00	16.25
2	Corporate guarantee to bank on behalf of a subsidiary	-	-	-	-	22.45
3	Disputed taxes / duties					
	-Excise Duty	44.19	0.12	0.12	0.12	0.12
	-Income Tax	-	-	28.49	40.52	-
	<b>Total</b>	<b>76.23</b>	<b>18.30</b>	<b>44.53</b>	<b>55.64</b>	<b>38.82</b>

# **Annexure No.XV – Statement of Related Party Transactions**

## **A] Parties where control exists Year Ended 31st March**

2006	2007	2008	2009	2010
<b>Direct Subsidiaries:</b>				
Galaxy Chemicals Inc. USA	Galaxy Chemicals Inc. USA	Galaxy Chemicals Inc. USA	Galaxy Chemicals Inc. USA	Galaxy Chemicals Inc. USA
-	-	-	Galaxy Holdings (Mauritius) Limited, Mauritius	Galaxy Holdings (Mauritius) Limited, Mauritius
<b>Step down Subsidiaries:</b>				
-	-	-	-	Galaxy Chemicals (Egypt) SAE, Egypt
-	-	-	-	Rainbow Holdings GmbH
-	-	-	-	OTC GmbH, Germany (Upto 25 <sup>th</sup> March 2010)
-	-	-	-	Tri-K Industries Inc, USA
-	-	-	-	Maybrook Inc. USA

## **B] Key Management Personnel Year Ended 31st March**

2006	2007	2008	2009	2010
Mr. U. Shekhar [Managing Director]	Mr. U. Shekhar [Managing Director]	Mr. U. Shekhar [Managing Director]	Mr. U. Shekhar [Managing Director]	Mr. U. Shekhar [Managing Director]
Mr. S. R. Shanbhag [Director]	Mr. S. R. Shanbhag [Director]	Mr. S. R. Shanbhag [Director]	Mr. S. R. Shanbhag [Director]	Mr. S. R. Shanbhag [Director]
Mr. G. Ramakrishnan [Director]	Mr. G. Ramakrishnan [Director]	Mr. G. Ramakrishnan [Director]	Mr. G. Ramakrishnan [Director]	Mr. G. Ramakrishnan [Director]
Mr. U. K. Kamat [Director]	Mr. U. K. Kamat [Director]	Mr. U. K. Kamat [Director]	Mr. U. K. Kamat [Director]	Mr. U. K. Kamat [Director]
Mr. S. D. Patil [Director]	Mr. S. D. Patil [Director]	-	-	-

**Relatives of Key Management Personnel [where Key Management Personnel is able to exercise significant influence] Year Ended 31st March**

## **C]**

2006	2007	2008	2009	2010
Mrs. Lakshmy Shekhar	Mrs. Lakshmy Shekhar	Mrs. Lakshmy Shekhar	Mrs. Lakshmy Shekhar	Mrs. Lakshmy Shekhar
Mr. Karthik Shekhar	Mr. Karthik Shekhar	Mr. Karthik Shekhar	Mr. Karthik Shekhar	Mr. Karthik Shekhar
Miss. Nandini Shekhar	Miss. Nandini Shekhar	Miss. Nandini Shekhar	Miss. Nandini Shekhar	Miss. Nandini Shekhar
Mrs. Vandana Shanbhag	Mrs. Vandana Shanbhag	Mrs. Vandana Shanbhag	Mrs. Vandana Shanbhag	Mrs. Vandana Shanbhag
Miss. Sneha Shanbhag	Miss. Sneha Shanbhag	Miss. Sneha Shanbhag	Miss. Sneha Shanbhag	Miss. Sneha Shanbhag
Mr. Pranav Shanbhag	Mr. Pranav Shanbhag	Mr. Pranav Shanbhag	Mr. Pranav Shanbhag	Mr. Pranav Shanbhag
Mrs. Jayashree	Mrs. Jayashree	Mrs. Jayashree	Mrs. Jayashree	Mrs. Jayashree

Ramakrishnan	Ramakrishnan	Ramakrishnan	Ramakrishnan	Ramakrishnan
Mr. Amit Ramakrishnan	Mr. Amit Ramakrishnan	Mr. Amit Ramakrishnan	Mr. Amit Ramakrishnan	Mr. Amit Ramakrishnan
Mr. Akaash Ramakrishnan	Mr. Akaash Ramakrishnan	Mr. Akaash Ramakrishnan	Mr. Akaash Ramakrishnan	Mr. Akaash Ramakrishnan
Mrs. Dhanvanti Kamat	Mrs. Dhanvanti Kamat	Mrs. Dhanvanti Kamat	Mrs. Dhanvanti Kamat	Mrs. Dhanvanti Kamat
Mr. Paresh Kamat	Mr. Paresh Kamat	Mr. Paresh Kamat	Mr. Paresh Kamat	Mr. Paresh Kamat
Miss. Mallika Kamat	Miss. Mallika Kamat	Miss. Mallika Kamat	Miss. Mallika Kamat	Miss. Mallika Kamat
Mrs. Sandhya Patil	Mrs. Sandhya Patil	-	-	-
Mr. Siddharth Patil	Mr. Siddharth Patil	-	-	-
Mr. Yash Patil	Mr. Yash Patil	-	-	-

**D] Entities over which Key Management Personnel are able to exercise significant influence  
Year Ended 31st March**

2006	2007	2008	2009	2010
Galaxy Emulsifiers Private Limited	Galaxy Emulsifiers Private Limited	Galaxy Emulsifiers Private Limited	Galaxy Emulsifiers Private Limited	Galaxy Emulsifiers Private Limited
Galaxy Finsec Private Limited	Galaxy Finsec Private Limited	Galaxy Finsec Private Limited	Galaxy Finsec Private Limited	Galaxy Finsec Private Limited
Osmania Traders Private Limited	Osmania Traders Private Limited	Osmania Traders Private Limited	Osmania Traders Private Limited	Osmania Traders Private Limited
Galaxy Chemicals [Partnership Firm]	Galaxy Chemicals [Partnership Firm]	Galaxy Chemicals [Partnership Firm]	Galaxy Chemicals [Partnership Firm]	Galaxy Chemicals [Partnership Firm]
Galaxy Estates & Holdings [Partnership Firm]	Galaxy Estates & Holdings [Partnership Firm]	Galaxy Estates & Holdings [Partnership Firm]	Galaxy Estates & Holdings [Partnership Firm]	Galaxy Estates & Holdings [Partnership Firm]
Galaxy Investments [Partnership Firm]	Galaxy Investments [Partnership Firm]	Galaxy Investments [Partnership Firm]	Galaxy Investments [Partnership Firm]	Galaxy Investments [Partnership Firm]
Shubh Estates & Properties [Partnership Firm]	Shubh Estates & Properties [Partnership Firm]	Shubh Estates & Properties [Partnership Firm]	Shubh Estates & Properties [Partnership Firm]	Shubh Estates & Properties [Partnership Firm]
-	-	-	-	Galaxy Surfactants Limited-Employees' Welfare trust

**E] Transactions with Related Parties during the year**

(Rs. in mn)

Sr. No.	Particulars	Year ended 31st March				
		2006	2007	2008	2009	2010
1]	<b><u>Royalty Paid to</u></b>					
	Galaxy Chemicals	26.96	23.74	-	-	-
2]	<b><u>Commission Paid to</u></b>					
	Galaxy Chemicals Inc., USA	11.91	12.24	17.36	27.82	28.80
3]	<b><u>Managerial Remuneration paid to</u></b>					
	Mr. U. Shekhar	1.90	5.22	7.58	8.55	8.85
	Mr. S. R. Shanbhag	1.92	5.16	7.68	8.82	8.62
	Mr. G. Ramakrishnan	1.92	5.15	7.66	8.47	8.65
	Mr. U. K. Kamat	1.90	5.16	7.67	8.74	8.61
	Mr. S. D. Patil	2.27	3.00	-	-	-

Sr. No.	Particulars	Year ended 31st March				
		2006	2007	2008	2009	2010
4]	<b>Interest paid on Fixed Deposits/Loans to</b>					
	Mr. U. Shekhar	0.18	0.24	0.27	1.27	2.54
	Mr. S. R. Shanbhag	0.19	0.18	0.22	0.57	0.57
	Mr. G. Ramakrishnan	0.16	0.10	0.10	0.06	0.01
	Mrs. Lakshmy Shekhar	0.10	-	-	-	-
	Mr. Karthik Shekhar	0.10	0.09	0.08	0.08	0.12
	Miss. Nandini Shekhar	0.10	0.10	0.10	0.12	0.16
	Mrs. Vandana Shanbhag	0.03	0.03	0.03	0.03	0.03
	Miss. Sneha Shanbhag	-	-	0.01	0.01	0.02
	Mr. Pranav Shanbhag	-	-	0.01	0.01	0.17
	Mrs. Jayashree Ramakrishnan	0.28	0.31	0.27	0.17	0.16
	Mr. S. D. Patil	0.13	0.19	-	-	-
	Mrs. Sandhya Patil	0.18	0.01	-	-	-
	Mr. Siddharth Patil	0.26	0.20	-	-	-
	Mr. Yash Patil	-	0.04	-	-	-
5]	<b>Dividend Paid to</b>					
	Galaxy Chemicals	5.54	5.56	7.81	11.19	22.60
	Galaxy Investments	0.10	0.10	0.14	0.21	0.21
	Galaxy Emulsifiers Private Limited	0.34	0.34	0.48	0.68	1.36
	Mr. U. Shekhar	2.57	2.57	3.60	5.14	10.28
	Mr. S. R. Shanbhag	2.51	2.51	3.56	5.09	10.17
	Mr. G. Ramakrishnan	1.46	1.46	2.05	2.93	5.85
	Mr. U. K. Kamat	0.03	0.03	0.04	0.05	0.10
	Mr. Sudhir D. Patil	2.57	2.57	-	-	-
	Mrs. Lakshmy Shekhar	0.01	0.01	0.01	0.01	0.02
	Mr. Karthik Shekhar	-	0.07	0.10	0.15	0.29
	Mrs. Vandana Shanbhag	0.01	0.07	0.10	0.14	0.26
	Mrs. Jayashree Ramakrishnan	1.12	1.12	1.57	2.24	4.48
6]	<b>Rent Received from</b>					
	Galaxy Chemicals	0.01	0.01	-	-	-
7]	<b>Investment in Share Capital of</b>					
	Galaxy Holdings (Mauritius) Ltd, Mauritius	-	-	-	0.10	423.60
8]	<b>Fixed Deposits/Loans received from</b>					
	Mr. U. Shekhar	4.43	-	-	11.60	16.50
	Mr. S. R. Shanbhag	3.93	-	0.10	3.00	3.00
	Mr. S. D. Patil	3.30	-	-	-	-
	Mr. G. Ramakrishnan	2.33	-	-	-	-
	Mr. Karthik Shekhar	-	0.20	-	0.22	1.10
	Miss. Nandini Shekhar	-	0.25	-	0.20	1.26
	Miss. Sneha Shanbhag	-	0.05	-	-	3.00
	Mr. Pranav Shanbhag	-	0.05	-	-	2.70
	Mrs. Jayashree Ramakrishnan	1.10	-	-	-	-
	Mrs. Sandhya Patil	0.20	-	-	-	-
	Mr. Yash Patil	-	1.50	-	-	-
9]	<b>Fixed Deposits/Loans repaid to</b>					
	Mr. U. Shekhar	1.80	0.59	0.11	0.54	3.11
	Mr. S. R. Shanbhag	2.00	0.59	-	0.08	2.81
	Mr. S. D. Patil	-	3.09	-	-	-
	Mr. G. Ramakrishnan	1.80	0.64	0.07	1.06	0.01
	Miss. Nandini Shekhar	-	-	-	-	1.10

Sr. No.	Particulars	Year ended 31st March				
		2006	2007	2008	2009	2010
	Mrs. Lakshmy Shekhar	1.00	-	-	-	-
	Mr. Karthik Shekhar	-	-	0.40	-	0.70
	Mrs. Jayashree Ramakrishnan	-	-	1.00	1.00	-
	Mrs. Sandhya Patil	-	1.70	-	-	-
	Mr. Siddharth Patil	-	2.50	-	-	-
10]	<b><u>Loans given to</u></b>					
	Galaxy Chemicals Inc., USA	-	-	-	43.11	-
	Galaxy Surfactants Limited - Employees' Welfare Trust	-	-	-	-	25.82
	Galaxy Holdings (Mauritius) Limited, Mauritius	-	-	-	-	205.34
11]	<b><u>Loans given repaid by</u></b>					
	Galaxy Chemicals Inc., USA	-	-	-	-	43.11
	Galaxy Holdings (Mauritius) Limited, Mauritius	-	-	-	-	205.34
12]	<b><u>Incorporation Expenses paid for</u></b>					
	Galaxy Holdings (Mauritius) Ltd, Mauritius	-	-	-	0.35	-
	Galaxy Chemicals (Egypt) SAE, Egypt	-	-	-	4.33	6.23
13]	<b><u>Incorporation Expenses repaid</u></b>					
	Galaxy Holdings (Mauritius) Ltd, Mauritius	-	-	-	-	0.35
	Galaxy Chemicals (Egypt) SAE, Egypt	-	-	-	-	8.42
14]	<b><u>Bank Guarantee given</u></b>					
	Rainbow Holdings GmbH	-	-	-	-	22.45
15]	<b><u>Professional Fees paid to</u></b>					
	OTC GmbH, Germany	-	-	-	-	1.41
16]	<b><u>Advance for capital goods</u></b>					
	OTC GmbH, Germany	-	-	-	-	20.74
17]	<b><u>Technical Know how fees</u></b>					
	OTC GmbH, Germany	-	-	-	-	20.02
18]	<b><u>Sale of goods</u></b>					
	Tri-K Industries Inc.	-	-	-	-	9.59
19]	<b><u>Share Application Money Received/ Shares allotted</u></b>					
	Galaxy Surfactants' Limited - Employees' Welfare Trust	-	-	-	-	26.38
	U.K. Kamat	-	-	-	-	3.41

#### F] **Related Parties' Balances**

(Rs. in mn)

Sr. No.	Particulars	Year ended 31st March				
		2006	2007	2008	2009	2010
1]	<b><u>Investments in Share Capital in</u></b>					
	Galaxy Chemicals Inc., USA	4.62	4.62	4.62	4.62	4.62
	Galaxy Holdings (Mauritius) Ltd, Mauritius	-	-	-	0.10	423.69
2]	<b><u>Inter-Corporate Loans given to</u></b>					
	Galaxy Chemicals Inc., USA	-	-	-	43.11	-
3]	<b><u>Fixed Deposits and Loans received from</u></b>					
	Mr. U. Shekhar	4.03	3.68	3.84	15.19	28.58

	Mr. S. R. Shanbhag	2.85	2.44	2.76	5.91	6.10
	Mr. S. D. Patil	3.50	0.60	-	-	-
	Mr. G. Ramakrishnan	2.35	1.78	1.78	0.76	0.75
	Mr. Karthik Shekhar	0.90	1.10	0.70	0.92	1.32
	Miss. Nandini Shekhar	0.85	1.10	1.10	1.30	1.46
	Mrs. Vandana Shanbhag	0.30	0.30	0.30	0.30	0.30
	Miss. Sneha Shanbhag	-	0.05	0.05	0.05	3.05
	Mr. Pranav Shanbhag	-	0.05	0.05	0.05	2.75
	Mrs. Jayashree Ramakrishnan	3.45	3.45	2.45	1.45	1.45
	Mrs. Sandhya Patil	1.70	-	-	-	-
	Mr. Siddharth Patil	2.50	-	-	-	-
	Mr. Yash Patil	-	1.50	-	-	-
4]	<u>Accounts Payable to</u>					
	Galaxy Chemicals Inc., USA	1.49	2.66	2.48	21.02	2.91
	Galaxy Chemicals	11.49	25.73	0.02	-	-
	Galaxy Estates & Holdings	0.02	0.02	-	-	-
	Tri-K Industries Inc.	-	-	-	-	0.18
5]	<u>Accounts Receivable from</u>					
	Galaxy Holdings (Mauritius) Ltd, Mauritius	-	-	-	0.35	-
	Galaxy Chemicals (Egypt) SAE, Egypt	-	-	-	4.33	2.14
	Tri-K Industries Inc.	-	-	-	-	9.58
	Galaxy Surfactants Limited - Employees' Welfare Trust	-	-	-	-	25.82



**Annexure No. XVI – Restated Rates and Amount of Dividend Paid**

(Rs. in mn)

Particulars	Year ended 31st March									
	2006		2007		2008		2009		2010	
Share Capital	85.64		85.64		85.64		85.64		177.27	
Dividend Declared:	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
Interim Dividend	-	-	15.00	12.85	-	-	-	-	25.00	42.82
Final Dividend	10.00	8.56	35.00	29.97	50.00	42.82	50.00	42.82	15.00	26.59
<b>Total</b>		<b>8.56</b>		<b>42.82</b>		<b>42.82</b>		<b>42.82</b>		<b>69.41</b>

# **Annexure No. XVII - Restated Standalone Accounting Ratios**

Sr. No.	Particulars	As at 31st March				
		2006	2007	2008	2009	2010
1	Earning per Equity share (Rs.)					
	- Basic	3.54	14.90	15.28	15.59	23.55
	-Diluted	3.54	14.90	15.28	15.59	23.55
2	Return on Net Worth (%)	12.69%	42.15%	32.15%	25.92%	30.24%
3	Net Asset value per share (Rs.)	58.72	82.72	107.44	133.11	86.20
4	Weighted Average no. of Equity shares outstanding during the period for Basic EPS (nos)	17,127,376	17,127,376	17,127,376	17,127,376	17,129,020
5	Weighted Average no. of Equity shares outstanding during the period for Diluted EPS (nos)	17,127,376	17,127,376	17,127,376	17,127,376	17,129,020
6	Total shares outstanding at the end of the year (nos)	8,563,688	8,563,688	8,563,688	8,563,688	17,727,376

## **Notes:**

- The above ratios have been computed as under:

$$\text{Basic Earning per Share (Rs.)} = \frac{\text{Net profit available to equity shareholders as restated}}{\text{Total Weighted average number of Equity shares outstanding during a period}}$$

$$\text{Dilutive Earning per Share (Rs.)} = \frac{\text{Net profit available to equity shareholders as restated}}{\text{Potential Weighted average number of Equity shares outstanding during a period}}$$

$$\text{Return of Net Worth (\%)} = \frac{\text{Net profit after tax as restated}}{\text{Average Net Worth as restated at the end of the period}}$$

$$\text{Net Asset Value per equity share (Rs.)} = \frac{\text{Net Worth as restated at the end of the period}}{\text{No of Equity shares outstanding at the end of the year}}$$

- Net Profit as restated has been considered for the purpose of computing the above ratios.
- Earnings per share calculations are done in accordance with Accounting Standard - 20 on 'Earnings Per Share', issued by the Institute of Chartered Accountants of India.

**Annexure No. XVIII - Restated Statement of Tax Shelter**

(Rs. in mn)

	Particulars	Year ended 31st March				
		2006	2007	2008	2009	2010
	<b>Rate of Income Tax [including surcharge &amp; education cess thereon]</b>	33.66%	33.66%	33.99%	33.99%	33.99%
<b>A.</b>	<b>Profit Before Tax [A]</b>	94.64	315.79	334.29	320.41	560.09
	Tax at Notional Rate	31.86	106.29	113.63	108.91	190.38
<b>B.</b>	<b>Permanent Differences</b>					
	Export Profits [Deduction u/s. 10B]	-	(124.93)	(132.25)	(125.97)	(183.11)
	Donations	0.35	0.10	0.18	0.52	0.54
	Dividend Income exempt u/s. 10(34)	(0.01)	(0.04)	(0.01)	(0.01)	(0.04)
	Others	-	-	-	-	65.61
	Total Permanent Differences [B]	0.34	(124.87)	(132.08)	(125.46)	(117.00)
<b>C.</b>	<b>Timing Differences</b>					
	Difference between tax depreciation and book depreciation	(28.19)	17.12	(37.00)	(4.17)	(59.95)
	Retirement Benefits	2.57	(1.15)	5.38	10.88	8.78
	Others	2.53	1.87	11.51	(72.21)	1.45
	Total Timing Differences [C]	(23.09)	17.84	(20.11)	(65.50)	(49.72)
<b>D.</b>	<b>Net Difference [B + C] = [D]</b>	(22.75)	(107.03)	(152.19)	(190.96)	(166.72)
	Tax Saving Thereon	(7.66)	(36.02)	(51.73)	(64.91)	(56.67)
	Taxable Income as per Income Tax Return [A+D]	71.89	208.76	182.10	129.45	393.37
	Tax as per Income Tax Return	24.20	70.27	61.90	44.00	133.71
	Tax on Extra-Ordinary Items	-	-	-	-	-
	Tax on Profit before Extra-Ordinary Items	24.20	70.27	61.90	44.00	133.71

# **Annexure No. XIX - Restated Standalone Capitalization Statement**

(Rs. in mn)

Particulars	Pre Issue as at March 31,2010	Post Issue*
<b>Borrowings</b>		
Short Term Debt (A)	553.49	
Long Term Debt (B)	1063.67	
<b>Total Debt (C = A+B)</b>	<b>1617.16</b>	
<b>Shareholders' Funds :</b>		
Equity Share Capital	177.27	
Reserves & Surplus	1350.83	
Less- Miscellaneous expenditure not written off	-	
<b>Total Shareholders' Funds (D)</b>	<b>1528.10</b>	
Long-term debt/ Shareholders' funds (B/D)	0.70	
Total debt/ Shareholders' funds (C/D)	1.06	

\* Share Capital and Reserves and Surplus post issue can be ascertained only on conclusion of the book building process.

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**AUDITORS' REPORT**

(as required by Part II of Schedule II to the Companies Act, 1956)

The Board of Directors,  
Galaxy Surfactants Limited,  
C-49/2, TTC Industrial Area,  
Pawne, Navi Mumbai 400703.

Dear Sirs,

1. We have examined the attached Restated Consolidated Summary Statement of Assets and Liabilities of Galaxy Surfactants Limited ('the Parent Company'), and its subsidiaries as of March 31, 2010, 2009, 2008, 2007 and 2006 and the related Restated Consolidated Summary Statement of Profits and Losses and the Restated Consolidated Summary Statement of Cash Flows for the financial years ended March 31, 2010 (period ended March 31, 2010 in case of six subsidiaries / period ended December 31, 2009 in case of one subsidiary), March 31, 2009, 2008, 2007 and 2006 (collectively referred to as the 'Restated Consolidated Summary Statements'). These Restated Consolidated Summary Statements have been prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:
  - (a) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act')
  - (b) the Securities and Exchange Board of India - (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('the SEBI ICDR Regulations'), the related clarifications issued by the Securities and Exchange Board of India ('SEBI') as amended to date and pursuant to Section 11 of the Securities and Exchange Board of India Act, 1992 (the 'SEBI Act')
2. The above referred 'Restated Consolidated Summary Statements' have been compiled by the management from
  - (a) Restated Standalone Financial Statements of the Parent Company for the years ended March 31, 2010, 2009, 2008, 2007 and 2006.
  - (b) Audited Financial Statements of the subsidiaries for the years / periods ended March 31, 2010, 2009, 2008, 2007 and 2006 except in case of one subsidiary [referred to in note no. 2(g) in Annexure IVA] in which case management estimates have been used for the period ended December 31, 2009 in the absence of audited financial statements.
3. Further,
  - (a) The financial statements of the Parent Company and the subsidiaries [except in case of one subsidiary referred to in (b) below] have been audited by the auditors of the respective companies, for the relevant years/periods, whose reports have been made available to us. Our report is based on the report furnished by the auditors for the financial years/periods ended March 31, 2010, 2009, 2008, 2007 and 2006 and audit carried out by us for the financial year ended March 31, 2010.
  - (b) As stated in Note no. 2(g) in Annexure IVA, in case of one subsidiary, having a loss of Rs. 27.73 million, the figures used for consolidation are based on management's estimates as reported to us and are therefore unaudited.

The percentage of unaudited revenue as a percentage of total revenue as at March 31, 2010 is as under:

Particulars	Total Revenue(Rs. in mn)	% of Total Revenue
Total	6497.97	100.00%
Unaudited	25.79	0.40%

4. These Restated Consolidated Summary Statements are after making certain adjustments more particularly described in Ann. IV to Restated Standalone Summary Statements. As a result of these adjustments the amounts reported in the above-mentioned statements are not necessarily the same as those appearing in the audited financial statements of the Parent Company and its subsidiaries for the reporting periods/years.

5. We have examined such Restated Financial Information taking into consideration:

- (a) the terms of our engagement letter dated June 14, 2010 in connection with the offer document being issued by the Company for its proposed Initial Public Offering ('IPO') of Equity shares, and
- (b) The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

**6. Financial Information as per Audited Financial Statements**

- (a) We have examined the 'Restated Consolidated Summary Statement of Assets and Liabilities' of Galaxy Surfactants Limited and its subsidiaries as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure I), the related 'Restated Consolidated Summary Statement of Profit and Losses' (Annexure II) and the 'Restated Consolidated Summary Statement of Cash Flows' (Annexure III) of Galaxy Surfactants Limited and its subsidiaries for the financial years ended March 31, 2010 (period ended March 31, 2010 / period ended December 31, 2009 in certain cases), March 31, 2009, 2008, 2007 and 2006 together referred to herein as 'Consolidated Restated Summary Statements'.
- (b) The financial statements of the Parent Company and the subsidiaries [except in case of one subsidiary referred to in (c) below] have been audited by the auditors of the respective companies for the relevant years/periods whose reports have been made available to us. Our report is based on the reports furnished by the auditors for the financial years/periods ended March 31, 2010, 2009, 2008, 2007 and 2006 and audit carried out by us for the financial year ended March 31, 2010.
- (c) As stated in Note no. 2(g) in Annexure IVA, in case of one subsidiary, having a loss of Rs. 27.73 million, the figures used for consolidation are based on management's estimates as reported to us and are therefore unaudited.

7. Based on our examination of the Restated Consolidated Summary Statements, we state that:

- (a) The Restated Consolidated Summary Statements have to be read in conjunction with the 'Significant Accounting Policies' given in Annexure IV and 'Notes to the Restated Consolidated Summary Statements' given in Annexure IVA to this report.
- (b) The restated profits/losses have been arrived at after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate;
- (c) There are no extraordinary items that need to be disclosed separately in the Restated Consolidated Summary Statements.
- (d) There are no qualifications in the auditors' report on the financial statements that require adjustments to the Restated Consolidated Summary Statements.

**8. Other Financial Information**

We have also examined the following Consolidated Financial Information relating to the Parent Company and its subsidiaries as approved by the Board of Directors and annexed to this Report:

- (a) Significant Accounting Policies as adopted by the Company and Notes to the Restated Consolidated Summary Statements (Annexure IV & IVA);
- (b) Consolidated Statement of Secured and Unsecured Loans as at March 31, 2010, 2009, 2008, 2007 and 2006. (Annexure V and VA)
- (c) Consolidated Statement of Investments as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure VI)
- (d) Consolidated Statement of Sundry Debtors as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure VII)
- (e) Consolidated Statement of Cash and Bank Balances as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure VIII)
- (f) Consolidated Statement of Loans and Advances as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure IX)

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- (g) Consolidated Statement of Current Liabilities and Provisions as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure X)
  - (h) Consolidated Statement of Other Income for the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XI)
  - (i) Consolidated Statement of Contingent Liabilities as at March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XII)
  - (j) Consolidated Statement of Related Party Transactions for the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XIII)
  - (k) Consolidated Statement of Dividend paid for the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 (Annexure XIV)
  - (l) Summary of Accounting Ratios relating to earnings per share, return on net worth and net asset value (Annexure XV)
- 9.** Based on our examination of the Consolidated Financial Information of the Parent Company and its subsidiaries attached to this Report, we state that in our opinion, the 'Restated Consolidated Summary Statements' and 'Other Financial Information' mentioned above, as at years ended March 31, 2010, 2009, 2008, 2007 and 2006 have been prepared in accordance with paragraph B(1) of Part II of Schedule II of the Act, the SEBI ICDR Regulations and the SEBI Act.
- 10.** This Report should not, in any way, be construed as reissuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statement referred to herein.
- 11.** This Report is intended solely for use of the Management and for inclusion in the Offer Document, in connection with the proposed initial public offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For P.D. Kunte & Co. (Regd.)  
Chartered Accountants  
Firm Regn. No: 105479W

Place: Mumbai  
Date : 24th July, 2010

D.P. Sapre  
Partner  
Membership No. 40740

# **Annexure No. I - Restated Consolidated Summary Statement of Assets & Liabilities**

(Rs. in mn)

	Particulars	As at 31 <sup>st</sup> March				
		2006	2007	2008	2009	2010
(1)	Fixed Assets					
	Gross Block	1,682.89	1,708.79	1,960.27	2,348.95	3,026.89
	Less: Depreciation	560.84	664.54	769.05	894.61	1,070.91
	Net Block	1,122.05	1,044.25	1,191.22	1,454.34	1,955.98
	Less: Revaluation Reserve	-	-	-	-	-
	Add: Capital Work in Progress	3.09	76.70	64.52	104.90	242.77
	Net Block after adjustment for Revaluation Reserve	1,125.14	1,120.95	1,255.74	1,559.24	2,198.75
(1A)	Investments	0.29	0.29	0.29	0.29	0.32
(2)	Current Assets, Loans and Advances					
	Inventories	502.94	536.18	617.72	681.73	793.21
	Sundry Debtors	381.17	509.11	647.89	797.34	792.21
	Cash and Bank Balances	17.05	11.73	35.13	63.92	185.61
	Loans and Advances	66.02	135.94	158.23	300.97	363.85
	Other Current Assets	0.47	0.06	0.15	0.21	0.01
	Foreign Currency Monetary Item Translation Difference Account	-	-	-	1.92	0.05
	Total	967.65	1,193.02	1,459.12	1,846.09	2,134.94
(3)	Liabilities and Provisions					
	Secured Loans	717.95	563.08	843.25	1,104.51	1,321.33
	Unsecured Loans	371.15	385.02	174.86	190.62	295.83
	Deferred Tax Liability	154.92	148.32	154.92	161.51	178.12
	Current Liabilities and Provisions	345.87	509.77	621.50	806.68	1,030.61
	Total	1,589.89	1,606.19	1,794.53	2,263.32	2,825.89
(4)	<b>Net Worth</b>	<b>503.19</b>	<b>708.07</b>	<b>920.62</b>	<b>1,142.30</b>	<b>1,508.12</b>
(5)	Represented by					
	Share Capital	85.64	85.64	85.64	85.64	177.27
	Reserves	417.55	622.43	834.98	1,056.66	1,299.73
	Less: Revaluation Reserve	-	-	-	-	-
	Reserves (Net of revaluation reserves)	417.55	622.43	834.98	1,056.66	1,299.73
	Capital Reserve on Consolidation	-	-	-	-	31.12
	<b>Net Worth</b>	<b>503.19</b>	<b>708.07</b>	<b>920.62</b>	<b>1,142.30</b>	<b>1,508.12</b>

The above statement should be read with the significant Accounting Policies and Notes to the Consolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV & IVA respectively.



**Annexure No. II- Restated Consolidated Summary Statement of Profit & Losses**
*(Rs. in mn)*

Particulars	For the year ended				
	2006	2007	2008	2009	2010
<b>Income</b>					
<b>Sales- Manufactured</b>					
Domestic	1,420.67	1,506.05	1,649.20	2,511.68	2,721.22
Export	1,275.03	1,721.04	2,170.01	3,029.61	3,228.32
<b>Sub-total (a)</b>	<b>2,695.70</b>	<b>3,227.09</b>	<b>3,819.21</b>	<b>5,541.29</b>	<b>5,949.54</b>
<b>Sales-Traded</b>					
Domestic	-	-	-	-	4.98
Export	-	-	1.89	18.90	488.05
<b>Sub-total (b)</b>	<b>-</b>	<b>-</b>	<b>1.89</b>	<b>18.90</b>	<b>493.03</b>
<b>Total Sales (a+b)</b>	<b>2,695.70</b>	<b>3,227.09</b>	<b>3,821.10</b>	<b>5,560.19</b>	<b>6,442.57</b>
Other Income	5.07	3.41	46.07	34.18	43.02
Increase(decrease) in inventories	24.49	64.62	22.38	98.88	12.38
<b>Total</b>	<b>2,725.26</b>	<b>3,295.12</b>	<b>3,889.55</b>	<b>5,693.25</b>	<b>6,497.97</b>
<b>Expenditure</b>					
Material consumed	1,999.83	2,266.08	2,723.94	4,239.66	4,434.00
Staff cost	127.01	160.83	191.87	250.66	491.38
Other Manufacturing Costs	163.71	182.68	216.25	255.68	314.18
Administrative Expenses	75.86	88.83	108.27	143.51	278.86
Loss on Sale/Discarded assets	0.69	0.10	17.58	6.95	0.41
Selling Expenses	69.70	93.05	90.07	120.92	130.12
Foreign Exchange Fluctuation Loss – Trade Related (Net)	-	6.49	-	34.52	1.44
Advance Given written off	-	-	-	-	20.74
<b>Interest and Finance Charges</b>					
Interest	78.97	70.48	83.66	111.81	125.95
Currency Swap & Loan Processing Charges	5.84	0.60	4.09	10.56	9.75
Foreign Exchange Fluctuation Loss/(Gain) on Loans	0.40	(0.40)	(2.26)	50.22	(10.97)
<b>Total</b>	<b>2,522.01</b>	<b>2,868.74</b>	<b>3,433.47</b>	<b>5,224.49</b>	<b>5,795.86</b>
<b>Net Profit before depreciation, tax &amp; extraordinary items and minority interest</b>	<b>203.25</b>	<b>426.38</b>	<b>456.08</b>	<b>468.76</b>	<b>702.11</b>
Depreciation	108.40	111.08	120.56	147.34	178.67
<b>Net profit before tax and extraordinary items and minority interest</b>	<b>94.85</b>	<b>315.30</b>	<b>335.52</b>	<b>321.42</b>	<b>523.44</b>
Current Tax	23.02	71.08	64.28	44.90	143.74
Prior Year Tax Adjustments	-	(5.16)	-	-	(0.28)
Deferred Tax	9.24	(6.60)	6.60	6.59	19.66
Fringe Benefit Tax	1.80	1.30	1.80	2.20	-
<b>Net profit after tax but before extraordinary items and minority interest</b>	<b>60.79</b>	<b>254.68</b>	<b>262.84</b>	<b>267.73</b>	<b>360.32</b>
Minority Interest	-	-	-	-	(18.49)
<b>Net Profit before extraordinary items</b>	<b>60.79</b>	<b>254.68</b>	<b>262.84</b>	<b>267.73</b>	<b>378.81</b>
Extraordinary Items(Net of Tax)	-	-	-	-	-
<b>Net Profit after extraordinary items</b>	<b>60.79</b>	<b>254.68</b>	<b>262.84</b>	<b>267.73</b>	<b>378.81</b>

The above statement should be read with the significant Accounting Policies and Notes to the Consolidated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as restated as appearing in Annexure IV & IVA respectively.

**Annexure No. III- Restated Consolidated Statement of Cash Flows**
*(Rs. in mn)*

Particulars	For the year ended 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
<b>Cash Flow from Operating Activities:</b>					
Net profit before tax and extraordinary items and minority interest	94.85	315.3	335.52	321.42	523.44
Adjustments for:					
Depreciation	108.40	111.08	120.56	147.34	176.69
Minority interest	-	-	-	-	18.49
Interest Paid	85.21	70.68	85.49	172.59	124.73
Loss on Sale of Assets	0.69	0.10	17.58	6.95	0.22
Interest Income	(0.53)	(0.45)	(1.03)	(0.94)	(9.26)
Dividend Income	(0.04)	(0.06)	(0.04)	(0.05)	(0.09)
Profit on sale of subsidiary credited to P&L Account	-	-	-	-	(1.04)
<b>Operating Profit before Working Capital changes</b>	<b>288.58</b>	<b>496.65</b>	<b>558.08</b>	<b>647.31</b>	<b>833.18</b>
<b>Working Capital changes:</b>					
(Increase)/Decrease in Trade & Other Receivables	(12.12)	(127.94)	(138.78)	(149.45)	84.96
(Increase)/Decrease in Other Advances	(2.66)	(69.92)	(22.29)	(142.74)	(58.16)
(Increase)/Decrease in Inventories	24.41	(33.24)	(81.54)	(64.01)	14.01
Increase/(Decrease) in Current & Other Liabilities	(19.54)	158.77	89.50	208.95	162.58
<b>Cash generated from Operations</b>	<b>278.67</b>	<b>424.32</b>	<b>404.97</b>	<b>500.06</b>	<b>1,036.57</b>
Income Taxes paid (Net)	(28.94)	(87.41)	(58.88)	(70.88)	(110.38)
<b>Net Cash Flow from Operating Activities (a)</b>	<b>249.73</b>	<b>336.91</b>	<b>346.09</b>	<b>429.18</b>	<b>926.19</b>
<b>Cash Flow from Investing Activities:</b>					
Capital Expenditure	(83.41)	(108.40)	(273.73)	(458.24)	(773.96)
Sale of Fixed Assets	0.16	1.42	0.76	0.50	0.89
Acquisition of Subsidiaries	-	-	-	-	(188.28)
Remission on disposal of Subsidiary	-	-	-	-	1.04
Purchase Investments	-	-	-	-	(0.03)
Interest received	0.53	0.45	1.03	0.94	9.26
Dividend Received	0.04	0.06	0.04	0.05	0.09
Redemption of IDBI Bonds	0.10	-	-	-	-
Foreign Currency Translation Adjustments	(0.03)	(0.07)	(0.16)	1.13	(28.95)
<b>Net cash used in Investing Activities (b)</b>	<b>(82.61)</b>	<b>(106.54)</b>	<b>(272.06)</b>	<b>(455.62)</b>	<b>(979.94)</b>
<b>Cash Flow from Financing Activities:</b>					
Issue of Equity Shares	-	-	-	-	66.00
Net Secured Borrowings	(219.23)	(154.87)	280.17	261.26	216.82
Fixed Deposits	(0.62)	(4.43)	7.10	16.12	105.17
Receipt/(Repayment) of Loans from Directors	9.03	(4.23)	0.44	(1.59)	(5.94)
Loan from others	150.00	20.05	(216.01)	3.33	12.72
Interest Paid	(85.21)	(70.68)	(85.49)	(172.59)	(124.73)
Sales Tax Deferrals/ MIDC Incentives	4.59	2.48	(1.69)	(2.10)	(6.74)
Foreign Currency Translation difference	-	-	-	0.96	1.87
Equity Dividend & Dividend Tax thereof	(24.41)	(24.42)	(35.06)	(50.10)	(100.19)
<b>Net cash flow from Financing Activities (c)</b>	<b>(165.85)</b>	<b>(236.10)</b>	<b>(50.54)</b>	<b>55.29</b>	<b>164.98</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (a + b + c)	1.27	(5.73)	23.49	28.85	111.23
Cash and Cash Equivalents as at the beginning of the year	16.25	17.52	11.79	35.28	64.13
Addition on Acquisition of Subsidiary	-	-	-	-	10.26

Adjusted Opening Balance	16.25	17.52	11.79	35.28	74.39
Cash and Cash Equivalents as at the end of the year	17.52	11.79	35.28	64.13	185.62
Net Increase/(Decrease) in Cash and Cash Equivalents	1.27	(5.73)	23.49	28.85	111.23

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**Annexure No. IV – Significant Accounting policies****Accounting policies adopted in preparation of financial statements:****(a) Basis for preparation of accounts :**

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards notified by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**(b) Revenue Recognition :**

Revenue/Income and Cost/Expenditure are generally accounted on accrual basis as they are earned or incurred, except in case of significant uncertainties.

Sales are recognised when goods are supplied and are recorded net of sales tax, sales returns and trade discounts.

Interest income is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

Dividend income on investments is accounted for as and when the right to receive the payment is established.

**(c) Fixed Assets :**

Fixed Assets are stated at cost less depreciation. The cost of fixed assets includes all costs incidental to acquisition, including taxes, duties (net of CENVAT and set-off), cost of installation and commissioning, interest on specific borrowings obtained for the purposes of acquiring the fixed assets and other indirect expenses, incurred upto trial run.

**(d) Depreciation on Fixed Assets:**

Depreciation is provided on straight line basis at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deletions during the year is provided on pro-rata basis from/upto the date of such addition/deletion. Leasehold Land is amortised over the period of lease.

**(e) Valuation of Inventories:**

Inventories are valued at lower of cost and net realisable value. Cost of inventories is ascertained on the weighted average basis and includes, in the case of finished goods and work-in-process, production overheads at pre-determined rates and excise duty, where applicable.

**(f) Investments:**

Investments being long term are stated at cost.

**(g) Foreign Currency Translations:**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions.

Foreign currency assets and liabilities are converted at contracted/year end rates as applicable.

Exchange differences on settlement/conversion, other than in respect of long term monetary items arising after 1st April, 2007 till 31st March, 2011, are recognised in the Profit and Loss Account. The exchange difference in respect of long term monetary items arising after 1st April, 2007 till 31st March, 2011 to the extent they relate to acquisition of fixed assets are adjusted to the cost of fixed assets and the balance is accumulated in the 'Foreign Currency Monetary Item Translation Difference Account', which is amortised over the balance period of long term monetary item; but not later than 31st March, 2011. Wherever forward contracts are entered into, the premium is dealt with in the Profit and Loss Account over the period of the contracts.

(h) **Research & Development:**

Revenue expenditure on Research and Development is charged to the Profit & Loss Account of the year in which it is incurred. Capital expenditure on Research and Development is shown as an addition to Fixed Assets.

(i) **Employee Benefits:**

Gratuity and Leave Encashment which are defined benefits are provided on the basis of actuarial valuation at the balance sheet date carried out by an independent actuary. Contributions payable to the Government Provident Fund which is a defined contribution plan is charged to Profit and Loss Account during the year.

(j) **Borrowing Costs:**

Borrowing Costs that are attributable to the acquisition, construction of qualifying assets are capitalised as part of cost of such assets up to the date the assets are ready for intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

(k) **Taxation:**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(l) **Segment Reporting:**

The Company has considered business segment as the primary segment. The Company is engaged in the manufacture of Specialty Chemicals, which in the context of Accounting Standard 17 is considered as the only business segment.

(m) **Earning Per Share:**

Basic earning per share is calculated by dividing the net profit for the year attributable to the equity shareholders by the weighted average of the number of equity shares outstanding during the year.

(n) **Prior Period Items:**

All identifiable items of Income and Expenditure pertaining to prior period are accounted through "Prior Period Adjustment Account".

(o) **Impairment of Assets:**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset, or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount and difference is recognised in the Profit and Loss Account.

(p) **Provision and Contingent Liabilities:**

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Company has a possible obligation and it is probable that a cash outflow will not be required to settle the obligation.

#### **Annexure No. IVA- Notes to the Restated Consolidated Summary Statements**

- 1) The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS) 21 “Consolidated Financial Statements” as specified in Companies (Accounting Standard Rules), 2006. The CFS comprise of the financial statements of Galaxy Surfactants Ltd. (the Parent Company) and its subsidiaries.
- 2) Basis of consolidation:
  - (a) This CFS of the Parent Company and its subsidiaries has been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.
  - (b) Intra group balances, intra group transactions and resulting unrealised profits/losses have been eliminated in full.
  - (c) The excess of/shortfall in cost of its investment in subsidiaries over the portion of equity of the subsidiaries as at the date of investment is recognised in the CFS as goodwill or capital reserve, as the case may be.
  - (d) All subsidiaries have been consolidated treating them as non integral operations.
  - (e) Rates applied for conversion of foreign currency:
    - (i) For balance sheet - year end rate of respective currency except for share capital and pre incorporation reserves which have been converted at the rate prevailing on the date of acquisition of the subsidiaries
    - (ii) For profit and loss in case of subsidiaries held throughout the year - average rate for the year
    - (iii) For profit and loss in case of subsidiaries held for part of the year - average rate for the period
  - (f) Exchange differences arising on consolidation are recognised in Foreign Currency Translation Reserve.
  - (g) Except in case of OTC GmbH, Germany (which ceased to be a subsidiary w.e.f. 25<sup>th</sup> March 2010 in whose case financial statements for that date are not available), the financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e. 31<sup>st</sup> March 2010. In case of OTC GmbH, Germany, in the absence of availability of information as of 25<sup>th</sup> March 2010 (being the date from which it ceased to be a subsidiary) the figures as of 31<sup>st</sup> December 2009 based on management’s estimates have been used for consolidation and are unaudited.
- 3) The list of subsidiaries included in the consolidated financials is as under:

<b>Sr. No.</b>	<b>Name of the subsidiary</b>	<b>Country of incorporation</b>	<b>Date from which it became subsidiary</b>	<b>Date from which it ceased to be subsidiary</b>	<b>Proportion of ownership interest and voting power held</b>
1	Galaxy Chemicals Inc.	USA	24.04.2003	N.A.	100%
2	Galaxy Holdings (Mauritius) Ltd.	Mauritius	02.10.2008	N.A.	100%
3	Galaxy Chemicals (Egypt) S.A.E.	Egypt	14.07.2009	N.A.	100%
4	Rainbow Holdings GmbH	Germany	19.06.2009	N.A.	100%
5	Tri-K Industries Inc.	USA	01.07.2009	N.A.	Upto 24.03.2010- 76% From 25.03.2010-100%
6	Maybrook Inc.	USA	01.07.2009	N.A.	Upto 24.03.2010 -76% From 25.03.2010- 100%
7	OTC GmbH	Germany	24.06.2009	25.03.2010	60%

4) **Notes to Accounts**

**(a) Estimated amount of Contracts remaining to be executed on capital account (Net of Advances)**

(Rs. in mn)

Particulars	Year ended 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
Contracts remaining to be executed on Capital Account (Net of Advances)	1.74	52.90	32.58	51.01	498.77

**(b) Restated Consolidated Earning / (Loss) Per Share**

(Rs. in mn)

Particulars	As on 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
Net Profit/ (Loss) attributable to equity shareholders	60.79	254.68	262.84	267.73	378.81
Weighted Average number of Shares for Basic and Diluted Earnings	17,127,376	17,127,376	17,127,376	17,127,376	17,129,020
Basic and Diluted Earnings Per Share (Rs.)	3.55	14.87	15.35	15.63	22.12
Face Value Per Share (Rs.)	10	10	10	10	10

**(c) Restated Major components of Consolidated Deferred Tax Assets and Deferred Tax Liabilities-**

(Rs. in mn)

Particulars	As on 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
<b>Deferred Tax Liabilities:</b>					
Fixed Assets & Depreciation	159.93	154.12	162.48	172.51	194.38
<b>Deferred Tax Assets:</b>					
Retirement Benefits	(5.01)	(5.80)	(7.30)	(11.00)	(12.59)
Others	-	-	(0.26)	-	(3.67)
<b>Total</b>	<b>154.92</b>	<b>148.32</b>	<b>154.92</b>	<b>161.51</b>	<b>178.12</b>

**(d) Defined Contribution plans - Provident fund**

(Rs. in mn)

Particulars	Year ended 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
Employer's Contribution	6.02	6.60	7.37	9.39	12.09

**(e) Defined Benefit Plans- Gratuity**

(Rs. in mn)

Particulars	Year ended 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
<b>Actuarial Assumptions for the year</b>					
Discount Rate	8.00%	8.00%	8.25%	8.00%	8.25%
Expected Rate of Return on Plan Assets	8.50%	9.00%	9.00%	9.00%	9.00%
Proportion of Employees opting for early retirement	0.00%	0.00%	0.00%	0.00%	0.00%
Average Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Changes in the Present Value of Obligation</b>					
Present Value of the Obligation as at beginning of the year	14.71	16.95	20.84	24.83	35.75
Interest Cost	1.18	1.36	1.72	1.99	2.95
Past Service Cost	-	-	-	-	-
Current Service Cost	1.41	1.64	1.99	1.92	3.55

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
Curtailment Cost / (Credit)	-	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-	-
Benefits paid	(0.73)	(0.39)	(0.52)	(1.00)	(0.31)
Actuarial (gain) / loss on obligations	0.38	1.28	0.80	8.01	2.54
Present Value of the Obligation as at end of the year	16.95	20.84	24.83	35.75	44.48
<b>Changes in Fair Value of Plan Assets:</b>					
Present Value of Plan Assets as at beginning of the year	7.00	9.51	13.13	16.68	21.22
Expected Return on Plan Assets	0.68	0.97	1.28	1.63	2.05
Actuarial Gain / (Loss) on Plan Assets	(0.02)	0.01	0.03	-	0.08
Contributions made by the Company	2.58	3.03	2.76	3.91	3.47
Benefits Paid	(0.73)	(0.39)	(0.52)	(1.00)	(0.31)
Fair Value of Plan Assets as at end of the year	9.51	13.13	16.68	21.22	26.51
<b>Actual Return on Plan Assets</b>					
Expected Return on Plan Assets	0.68	0.97	1.28	1.63	2.05
Actuarial gain / (loss) on Plan Assets	(0.02)	0.01	0.03	0.00	0.08
Actual Return on Plan Assets	0.66	0.98	1.31	1.63	2.13
<b>Reconciliation of the Present Value of Defined Benefit Obligation &amp; the Fair Value of Assets</b>					
Present Value of the Funded obligation as at end of the year	16.95	20.84	24.83	35.75	44.48
Fair Value of Plan Assets as at end of the year	9.51	13.13	16.68	21.22	26.51
Present Value of Unfunded Obligation as at end of the year	-	-	-	-	-
Net Liability recognized in the Balance Sheet	7.44	7.71	8.15	14.53	17.97
<b>Expenses Recognised in the Profit &amp; Loss Account</b>					
Current Service Cost	1.41	1.64	1.99	1.92	3.55
Past Service Cost	-	-	-	-	-
Interest Cost	1.18	1.36	1.72	1.99	2.95
Expected Return on Plan Assets	(0.68)	(0.97)	(1.28)	(1.63)	(2.05)
Curtailment Cost / (Credit)	-	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-	-
Net Actuarial gain / (loss) to be recognized	0.40	1.28	0.78	8.01	2.46
Total Expenses recognised in the Profit and Loss Account	2.31	3.31	3.21	10.29	6.91
<b>Percentage of each category of Plan Assets to the total Fair Value of Plan Assets as at end of the year</b>					
Bank Deposits (Special Deposit Scheme, 1975)	-	-	-	-	-
Debt Instruments	-	-	-	-	-
Administered by Life Insurance Corporation of India	100%	100%	100%	100%	100%
Others	-	-	-	-	-
<b>The actual return on Plan Assets:</b>					
Actual Returns on Plan Assets administered by LIC of India	0.66	0.98	1.31	1.63	2.13

**(f) Defined Benefit Plans- Leave Encashment**

(Rs. in mn)

Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
<b>Actuarial Assumptions for the year</b>					
Discount Rate	8.00%	8.00%	8.25%	8.00%	8.25%
Expected Rate of Return on Plan Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Proportion of Employees opting for early retirement	0.00%	0.00%	0.00%	0.00%	0.00%
Average Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Changes in the Present Value of Obligation</b>					



Particulars	Year ended 31st March				
	2006	2007	2008	2009	2010
Present Value of the Obligation as at beginning of the year	8.59	10.23	11.15	13.33	17.83
Interest Cost	0.69	0.82	0.92	1.07	1.47
Past Service Cost	-	-	-	-	-
Current Service Cost	0.62	0.73	1.28	1.55	1.41
Curtailment Cost / (Credit)	-	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-	-
Benefits paid	(0.62)	(1.45)	(0.49)	(0.87)	(0.15)
Actuarial (gain) / loss on obligations	0.95	0.82	0.47	2.75	2.61
Present Value of the Obligation as at end of the year	10.23	11.15	13.33	17.83	23.17
<b>Changes in Fair Value of Plan Assets:</b>					
Present Value of Plan Assets as at beginning of the year	-	-	-	-	-
Expected Return on Plan Assets	-	-	-	-	-
Actuarial Gain / (Loss) on Plan Assets	-	-	-	-	-
Contributions made by the Company	-	-	-	-	-
Benefits Paid	-	-	-	-	-
Fair Value of Plan Assets as at end of the year	-	-	-	-	-
<b>Actual Return on Plan Assets</b>					
Expected Return on Plan Assets	-	-	-	-	-
Actuarial gain / (loss) on Plan Assets	-	-	-	-	-
Actual Return on Plan Assets	-	-	-	-	-
<b>Reconciliation of the Present Value of Defined Benefit Obligation &amp; the Fair Value of Assets</b>					
Present Value of the Funded obligation as at end of the year	-	-	-	-	-
Fair Value of Plan Assets as at end of the year	-	-	-	-	-
Present Value of Unfunded Obligation as at end of the year	10.23	11.15	13.33	17.83	23.17
Net Liability recognised in the Balance Sheet	10.23	11.15	13.33	17.83	23.17
<b>Expenses Recognised in the Profit &amp; Loss Account</b>					
Current Service Cost	0.62	0.73	1.28	1.55	1.41
Past Service Cost	-	-	-	-	-
Interest Cost	0.69	0.82	0.92	1.07	1.47
Expected Return on Plan Assets	-	-	-	-	-
Curtailment Cost / (Credit)	-	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-	-
Net Actuarial gain / (loss) to be recognized	0.95	0.82	0.47	2.75	2.61
Total Expenses recognised in the Profit and Loss Account	2.26	2.37	2.67	5.37	5.49
<b>Percentage of each category of Plan Assets to the total Fair Value of Plan Assets as at end of the year</b>					
Bank Deposits (Special Deposit Scheme 1975)	-	-	-	-	-
Debt Instruments	-	-	-	-	-
Administered by Life Insurance Corporation of India	-	-	-	-	-
Others	-	-	-	-	-
<b>The actual return on Plan Assets:</b>					
Actual Returns on Plan Assets administered by LIC of India	-	-	-	-	-

**(g) Classification of Inventories as required by AS-2 "Valuation of Inventories"**

(Rs. in mn)

Particulars	As on 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
Raw Materials	135.90	124.15	190.44	163.40	155.38
Packing Materials	47.83	31.61	28.78	20.97	19.80
Finished Goods	91.61	172.37	185.86	192.91	349.78
Work-in-Process	171.21	155.06	163.96	255.79	220.00
Consumables, Stores & Others	56.39	52.99	48.68	48.66	48.25
<b>Total</b>	<b>502.94</b>	<b>536.18</b>	<b>617.72</b>	<b>681.73</b>	<b>793.21</b>

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- (h) During the year ended 31st March, 2009, the parent company exercised the option provided by newly inserted paragraph 46 in AS-11, The Effect of Changes in Foreign Exchange Rates. Accordingly, in respect of accounting periods commencing on or after 1st April, 2007, exchange difference in respect of long term foreign currency liability to the extent relatable to acquisition of depreciable capital assets was adjusted to the cost of the assets and the balance exchange difference in respect of long term foreign currency monetary items was accumulated in 'Foreign Currency Monetary Items Translation Difference Account'. The amount adjusted on this account to the cost of fixed assets is being depreciated over the balance life of the assets and the amount in 'Foreign Currency Monetary Items Translation Difference Account' is being amortised over the balance period of the long term foreign currency liability; but not beyond 31st March 2011.
- (i) During the year ended 31<sup>st</sup> March 2010, the Company, through its step-down subsidiary, entered into a joint venture, viz., OTC GmbH, Germany [OTC] with a JV partner from Germany. In the course of the business, the Company entered into agreements with OTC for acquisition of technology for a specialty product and purchase of customised machinery to manufacture the same. Under these agreements, advances aggregating to Euro 0.6 million (Equivalent to Rs. 40.76 million) were paid to OTC. As there was inability on the part of OTC to demonstrate the technology for manufacture of the product as well as to deliver the machinery within the stipulated time lines, the Company was forced to cancel the contracts and ask for refund of the advances made. OTC, due to its substantial operational losses was not in a position to refund the advances and hence the same had to be written off to Profit & Loss Account as not recoverable in the standalone financial statements. OTC ceased to be a step down subsidiary of the Company with effect from March 25, 2010.

In the consolidated financial statements the profit on disposal of subsidiary has been worked out in accordance with para 22 of AS-21

# **Annexure No. V - Restated Consolidated Statement of Secured Loans**

*Rs. in mn*

Particulars	Security	Date of availment	Amount Outstanding					As. at 31st March		
			As at 31st March					Sanctioned Amount	Rate of Interest p.a.	Repayment Terms
			2006	2007	2008	2009	2010			
Term Loan										
	First Charge on Fixed assets & second charge on current assets (stocks & receivables)									
IDBI Ltd.		Jun. 2003	18.22	2.85	-	-	-	77.59	Libor+ 350bps	NA
Co-operative Centrale Raiffeisen Boerenleen Bank BA (Rabo Bank Singapore Branch)		Jan. 2003	78.09	32.61	-	-	-	136.71	Libor+ 175bps	NA
Development Credit Bank		Sep. 2004	24.80	-	-	-	-	50.00	7.95%	NA
Rabo India Finance Pvt Ltd.		Jan. 2003	163.64	-	-	-	-	200.00	8.90%	NA
Rabo India Finance Pvt Ltd.		Jan. 2003	42.80	-	-	-	-	100.00	8.25%	NA
The Saraswat Co- op. Bank Ltd.		Mar. 2007	-	91.66	58.21	24.95	-	91.66	9.75%	NA
DBS Bank Limited		Jan. 2008	-	-	200.58	253.60	220.59	US \$ 5 million	JPY 3M LIBOR +0.96% margin	Four installments of US\$ 1.25 mn each July '10, Aug '10, July '11 & Aug '11
The Saraswat Co- op. Bank Ltd.		Jul. 2007	-	-	200.00	200.00	200.00	200.00	10.00% (PLR-3%)	Total Tenor 18 months with drawdown option for part/full loan amount anytime during 18 months period with 30 days notice & with full/part prepayment option in every 6 months
The Saraswat Co- op. Bank Ltd.		Dec. 2009	-	-	-	-	50.00	250.00	10.50% (PLR – 250 bps)	20 quarterly repayments after 1.5 years moratorium
Shamrao Vithal Co-op. Bank Ltd.	First Charge on Fixed assets & second charge on current	Dec. 2009	-	-	-	-	50.00	250.00	10.50% (The Saraswat Co- op Bank Ltd. PLR – 250 bps)	20 quarterly repayments after 1.5 years moratorium

Particulars	Security	Date of availment	Amount Outstanding					Sanctioned Amount	Rate of Interest p.a.	Repayment Terms
			As at 31st March							
			2006	2007	2008	2009	2010			
IDBI Bank Ltd.	assets(stocks & receivables)	Dec. 2009	-	-	-	-	50.00	250.00	10.50% (PLR – 225 bps)	20 quarterly repayments after 1.5 years moratorium
Standard Chartered Bank Ltd.										Quarterly Repayments after Moratorium (15 months moratorium ) 1st year Nil, 2nd year 15%, 3rd year 25%, 4th year 30% & 5th year 30%
		Nov. 2009	-	-		-	377.02	US \$ 12 million	3M LIBOR+275 bps	
Sub-total (a)			327.55	127.12	458.79	478.55	947.61			
Working Capital Facilities with Banks										
(Working capital facilities comprise OD/CC, export finance, buyers credit etc. The interest rates given below are the rates applicable on OD/CC. Export finance / buyers credit have been availed at rates prescribed by RBI and are lower than the rates given below)										
	Hypothecatio n of Stocks & Receivables (first Charge) second charge on fixed assets									
The Saraswat Co- op. Bank Ltd.			206.73	295.63	216.34	97.67	160.81	354.00	9.90% PLR - margin (Floating)	
Union Bank of India			69.41	20.32	-	-	-	-	(PLR margin)	
Standard Chartered Bank			114.26	120.01	148.40	430.69	183.42	650.00	10.25%	
IDBI Bank Ltd.			-	-	6.95	-	4.66	450.00	11.75% (PLR margin)	
Citibank N.A.			-	-	12.77	97.60	24.83	250.00	13.00%	
Sub-total (b)			390.40	435.96	384.46	625.96	373.72			
Total (a+b)			717.95	563.08	843.25	1104.51	1321.33			

**Annexure No. V A – Restated Consolidated Statement of Unsecured Loans**

(Rs. in mn)

S.N o.	Particulars	Date of availment	As at 31st March					Total Sanctioned Amount	Interest Rate (p.a.)	Repay-able on
			2006	2007	2008	2009	2010			
1	IDBI	2006	200.00	200.00	-	-	-	200.00	8%	NA
2	Standard Chartered Bank	2007	-	20.05	4.04	7.37	20.09	50.00	11.25%	
3	Deferral Sales Tax		79.48	81.96	80.27	78.17	71.43	NA		Based on the sales tax scheme
4	Fixed Deposits									
	a) Directors & Relatives		9.98	7.83	4.37	18.86	44.63	NA	Various rates	1 – 3 years
	b) Others		69.24	66.96	77.52	79.15	158.55	NA		
5	Loan from Directors		12.45	8.22	8.66	7.07	1.13	NA	Interest free Loan	
	<b>Total</b>		<b>371.15</b>	<b>385.02</b>	<b>174.86</b>	<b>190.62</b>	<b>295.83</b>			

**Annexure no. VI- Details of Investments on Consolidated basis**

(Rs. in mn)

Sr. No.	Particulars	As on 31 <sup>st</sup> March									
		2006		2007		2008		2009		2010	
		No. of Shares/ Bonds	Total Book Value	No. of Shares/ Bonds	Total Book Value	No. of Shares/ Bonds	Total Book Value	No. of Shares/ Bonds	Total Book Value	No. of Shares/ Bonds	Total Book Value
	<b>Unquoted</b>										
1	The Saraswat Co-op. Bank Ltd.	2020	0.02	2020	0.02	2020	0.02	2020	0.02	2020	0.02
2	The North Kanara G.S.B. Co-op Bank Ltd.	15000	0.15	15000	0.15	15000	0.15	15000	0.15	15000	0.15
3	National Savings Certificates *		0.00		0.00		0.00		0.00		0.00
4	Kisan Vikas Patra*		0.00		0.00		0.00		0.00		0.00
5	Shamrao Vithal Co OP Bank Ltd									1000	0.03
	<b>Sub total</b>		<b>0.17</b>		<b>0.17</b>		<b>0.17</b>		<b>0.17</b>		<b>0.20</b>
	<b>Quoted</b>										
1	Union Bank of India	7200	0.12	7200	0.12	7200	0.12	7200	0.12	7200	0.12
	<i>Market Value of Quoted Investments</i>		<i>0.88</i>		<i>0.75</i>		<i>1.02</i>		<i>1.06</i>		<i>2.11</i>
	<b>Total</b>		<b>0.29</b>		<b>0.29</b>		<b>0.29</b>		<b>0.29</b>		<b>0.32</b>

\* Below Rs. 10,000/-

**Annexure No. VII- Age wise analysis of Sundry Debtors on Consolidated basis**

(Rs. in mn)

Particulars	As on 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
<b>(Unsecured, considered doubtful)</b>					
- Outstanding for a period less than six months	-	-	-	-	3.36
- Outstanding for a period exceeding six months	-	-	-	-	-
<b>(Unsecured, considered good)</b>					
- Outstanding for a period less than six months	379.65	503.87	638.64	781.70	787.57
- Outstanding for a period exceeding six months	1.52	5.24	9.25	15.64	4.64
<b>Subtotal</b>	<b>381.17</b>	<b>509.11</b>	<b>647.89</b>	<b>797.34</b>	<b>795.57</b>
Less: Provision for Doubtful debts	-	-	-	-	3.36
<b>Total</b>	<b>381.17</b>	<b>509.11</b>	<b>647.89</b>	<b>797.34</b>	<b>792.21</b>

**Note:**

1. There are no receivables due from Promoters / Promoters' group / Directors

**Annexure No. VIII Statement of Consolidated Cash & Bank Balances**

*(Rs. in mn)*

Particulars	As on 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
<b>Cash on Hand</b>	2.53	2.20	3.16	2.95	2.64
<b>Balance with Banks:</b>					
- On Current Account	10.10	6.48	29.10	57.92	181.21
- On Deposit Account	4.42	3.05	2.87	3.05	1.76
<b>Total</b>	<b>17.05</b>	<b>11.73</b>	<b>35.13</b>	<b>63.92</b>	<b>185.61</b>



**Annexure No. IX- Statement of Loans and Advances on Consolidated Basis**
*(Rs. in mn)*

Particulars	As on 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
Employees Loans & Advances	2.95	2.90	3.46	2.51	2.95
Prepaid Expenses	4.81	5.82	7.66	15.78	10.95
Statutory Receivables	27.77	39.54	60.13	126.44	195.92
Advances to suppliers	3.06	17.89	21.76	10.37	15.50
Insurance Deposit	9.19	9.07	8.06	10.21	15.82
Loan to GSL Employee Trust	-	-	-	-	25.82
Other Receivables	1.16	2.45	1.18	48.33	23.87
Tender, Security & other Deposits	7.59	7.56	8.25	10.86	16.31
Balance with Excise Dept in Current Account	9.49	30.73	34.77	34.84	24.12
Advance Income Tax (Net of Provision for Tax)	-	19.98	12.96	41.63	32.59
<b>Total</b>	<b>66.02</b>	<b>135.94</b>	<b>158.23</b>	<b>300.97</b>	<b>363.85</b>

**Annexure No. X - Consolidated Restated Statement of Current Liabilities & Provisions**
*(Rs. in mn)*

Particulars	As on 31 <sup>st</sup> March				
	2006	2007	2008	2009	2010
<b>Current Liabilities</b>					
Sundry Creditors & Expenses Payable	295.99	422.89	496.06	362.84	583.99
Bills Payable	-	-	-	306.09	264.94
Creditors for Capital Expenditure	5.20	2.72	9.92	6.42	14.67
Advance from Customer	2.60	9.89	16.78	17.85	25.68
Unclaimed Dividend	0.71	0.84	0.96	1.10	1.90
Security & Other Deposits	0.33	0.40	0.87	0.87	0.86
Other Liabilities	12.00	16.46	20.03	15.14	17.64
Interest accrued but not due	4.46	2.65	5.12	8.77	19.31
<b>Sub total (a)</b>	<b>321.29</b>	<b>455.85</b>	<b>549.74</b>	<b>719.08</b>	<b>928.99</b>
<b>Provisions</b>					
Provision for Taxation (Net of payments)	0.21	-	0.18	5.15	29.37
Proposed Dividend	8.56	29.97	42.82	42.82	26.59
Provision for Dividend Tax	1.20	5.09	7.28	7.28	4.52
Provision for Retirement Benefits	14.61	18.86	21.48	32.35	41.14
<b>Sub total (b)</b>	<b>24.58</b>	<b>53.92</b>	<b>71.76</b>	<b>87.60</b>	<b>101.62</b>
<b>Total (a + b)</b>	<b>345.87</b>	<b>509.77</b>	<b>621.50</b>	<b>806.68</b>	<b>1,030.61</b>

**Note:**

There are no amounts due and outstanding in respect of unpaid dividend, unpaid matured deposits and interest accrued thereon to be credited to Investors Education and Protection Fund.

**Annexure No. XI- Details of restated Other Income on Consolidated Basis**
*(Rs. in mn)*

Particulars	For the year ended 31st March				
	2006	2007	2008	2009	2010
Dividend received	0.04	0.06	0.04	0.05	0.09
Interest on Bank Deposits	0.44	0.29	0.82	0.35	0.36
Sale of Scrap etc	2.09	1.65	4.00	4.77	3.98
Interest –Others	0.09	0.16	0.21	0.59	8.90
Miscellaneous Income	0.79	0.73	2.27	3.03	7.31
Cash discount received	-	0.52	0.07	8.39	17.12
Compensation Received	-	-	-	17.00	-
Foreign Exchange Gain (Net)	1.62	-	38.66	-	-
Profit on Sale of Assets	-	-	-	-	0.19
Profit on Sale of Subsidiary	-	-	-	-	1.04
Commission	-	-	-	-	4.03
<b>Total</b>	<b>5.07</b>	<b>3.41</b>	<b>46.07</b>	<b>34.18</b>	<b>43.02</b>

# **Annexure No. XII- Contingent Liabilities on Consolidated Basis**

The Company has the following Contingent Liabilities for which no provision has been made in the books of accounts

(Rs. in mn)

Sr. No.	Particulars	As on 31 <sup>st</sup> March				
		2006	2007	2008	2009	2010
1	Counter guarantees to Banks	32.04	18.18	15.92	15.00	16.25
2	<u>Disputed taxes/duties</u>					
	-Excise Duty	44.19	0.12	0.12	0.12	0.12
	-Income Tax	-	-	28.49	40.52	-
	<b>Total</b>	<b>76.23</b>	<b>18.30</b>	<b>44.53</b>	<b>55.64</b>	<b>16.37</b>

**Annexure No.XIII – Statement of Related Party Transactions**

**A] Key Management Personnel Year Ended 31st March**

<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Mr. U. Shekhar [Managing Director]	Mr. U. Shekhar [Managing Director]	Mr. U. Shekhar [Managing Director]	Mr. U. Shekhar [Managing Director]	Mr. U. Shekhar [Managing Director]
Mr. S. R. Shanbhag [Director]	Mr. S. R. Shanbhag [Director]	Mr. S. R. Shanbhag [Director]	Mr. S. R. Shanbhag [Director]	Mr. S. R. Shanbhag [Director]
Mr. G. Ramakrishnan [Director]	Mr. G. Ramakrishnan [Director]	Mr. G. Ramakrishnan [Director]	Mr. G. Ramakrishnan [Director]	Mr. G. Ramakrishnan [Director]
Mr. U. K. Kamat [Director]	Mr. U. K. Kamat [Director]	Mr. U. K. Kamat [Director]	Mr. U. K. Kamat [Director]	Mr. U. K. Kamat [Director]
Mr. S. D. Patil [Director]	Mr. S. D. Patil [Director]	-	-	-

**B] Relatives of Key Management Personnel [where Key Management Personnel is able to exercise significant influence]  
Year Ended 31st March**

2006	2007	2008	2009	2010
Mrs. Lakshmy Shekhar	Mrs. Lakshmy Shekhar	Mrs. Lakshmy Shekhar	Mrs. Lakshmy Shekhar	Mrs. Lakshmy Shekhar
Mr. Karthik Shekhar	Mr. Karthik Shekhar	Mr. Karthik Shekhar	Mr. Karthik Shekhar	Mr. Karthik Shekhar
Miss. Nandini Shekhar	Miss. Nandini Shekhar	Miss. Nandini Shekhar	Miss. Nandini Shekhar	Miss. Nandini Shekhar
Mrs. Vandana Shanbhag	Mrs. Vandana Shanbhag	Mrs. Vandana Shanbhag	Mrs. Vandana Shanbhag	Mrs. Vandana Shanbhag
Miss. Sneha Shanbhag	Miss. Sneha Shanbhag	Miss. Sneha Shanbhag	Miss. Sneha Shanbhag	Miss. Sneha Shanbhag
Mr. Pranav Shanbhag	Mr. Pranav Shanbhag	Mr. Pranav Shanbhag	Mr. Pranav Shanbhag	Mr. Pranav Shanbhag
Mrs. Jayashree Ramakrishnan	Mrs. Jayashree Ramakrishnan	Mrs. Jayashree Ramakrishnan	Mrs. Jayashree Ramakrishnan	Mrs. Jayashree Ramakrishnan
Mr. Amit Ramakrishnan	Mr. Amit Ramakrishnan	Mr. Amit Ramakrishnan	Mr. Amit Ramakrishnan	Mr. Amit Ramakrishnan
Mr. Akaash Ramakrishnan	Mr. Akaash Ramakrishnan	Mr. Akaash Ramakrishnan	Mr. Akaash Ramakrishnan	Mr. Akaash Ramakrishnan
Mrs. Dhanvanti Kamat	Mrs. Dhanvanti Kamat	Mrs. Dhanvanti Kamat	Mrs. Dhanvanti Kamat	Mrs. Dhanvanti Kamat
Mr. Paresh Kamat	Mr. Paresh Kamat	Mr. Paresh Kamat	Mr. Paresh Kamat	Mr. Paresh Kamat
Miss. Mallika Kamat	Miss. Mallika Kamat	Miss. Mallika Kamat	Miss. Mallika Kamat	Miss. Mallika Kamat
Mrs. Sandhya Patil	Mrs. Sandhya Patil	-	-	-
Mr. Siddharth Patil	Mr. Siddharth Patil	-	-	-
Mr. Yash Patil	Mr. Yash Patil	-	-	-

**C] Entities over which Key Management Personnel are able to exercise significant influence Year Ended 31st March:**

<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Galaxy Emulsifiers Private Limited	Galaxy Emulsifiers Private Limited	Galaxy Emulsifiers Private Limited	Galaxy Emulsifiers Private Limited	Galaxy Emulsifiers Private Limited
Galaxy Finsec Private Limited	Galaxy Finsec Private Limited	Galaxy Finsec Private Limited	Galaxy Finsec Private Limited	Galaxy Finsec Private Limited
Osmania Traders Private Limited	Osmania Traders Private Limited	Osmania Traders Private Limited	Osmania Traders Private Limited	Osmania Traders Private Limited
Galaxy Chemicals [Partnership Firm]	Galaxy Chemicals [Partnership Firm]	Galaxy Chemicals [Partnership Firm]	Galaxy Chemicals [Partnership Firm]	Galaxy Chemicals [Partnership Firm]
Galaxy Estates & Holdings [Partnership Firm]	Galaxy Estates & Holdings [Partnership Firm]	Galaxy Estates & Holdings [Partnership Firm]	Galaxy Estates & Holdings [Partnership Firm]	Galaxy Estates & Holdings [Partnership Firm]
Galaxy Investments [Partnership Firm]	Galaxy Investments [Partnership Firm]	Galaxy Investments [Partnership Firm]	Galaxy Investments [Partnership Firm]	Galaxy Investments [Partnership Firm]
Shubh Estates & Properties [Partnership Firm]	Shubh Estates & Properties [Partnership Firm]	Shubh Estates & Properties [Partnership Firm]	Shubh Estates & Properties [Partnership Firm]	Shubh Estates & Properties [Partnership Firm]
-	-	-	-	Galaxy Surfactants Limited-Employees' Welfare trust

**D] Transactions with Related Parties during the year**
*(Rs. in mn)*

Sr. No.	Particulars	Year ended 31st March				
		2006	2007	2008	2009	2010
1]	<b><u>Royalty Paid to</u></b>					
	Galaxy Chemicals	26.96	23.74	-	-	-
2]	<b><u>Managerial Remuneration paid to</u></b>					
	Mr. U. Shekhar	1.90	5.22	7.58	8.55	8.85
	Mr. S. R. Shanbhag	1.92	5.16	7.68	8.82	8.62
	Mr. G. Ramakrishnan	1.92	5.15	7.66	8.47	8.65
	Mr. U. K. Kamat	1.90	5.16	7.67	8.74	8.61
	Mr. S. D. Patil	2.27	3.00	-	-	-
3]	<b><u>Interest paid on Fixed Deposits/Loans to</u></b>					
	Mr. U. Shekhar	0.18	0.24	0.27	1.27	2.54
	Mr. S. R. Shanbhag	0.19	0.18	0.22	0.57	0.57
	Mr. G. Ramakrishnan	0.16	0.10	0.10	0.06	0.01
	Mrs. Lakshmy Shekhar	0.10	-	-	-	-
	Mr. Karthik Shekhar	0.10	0.09	0.08	0.08	0.12
	Miss. Nandini Shekhar	0.10	0.10	0.10	0.12	0.16
	Mrs. Vandana Shanbhag	0.03	0.03	0.03	0.03	0.03
	Miss. Sneha Shanbhag	-	-	0.01	0.01	0.02
	Mr. Pranav Shanbhag	-	-	0.01	0.01	0.17
	Mrs. Jayashree Ramakrishnan	0.28	0.31	0.27	0.17	0.16
	Mr. S. D. Patil	0.13	0.19	-	-	-
	Mrs. Sandhya Patil	0.18	0.01	-	-	-
	Mr. Siddharth Patil	0.26	0.20	-	-	-
	Mr. Yash Patil	-	0.04	-	-	-
4]	<b><u>Dividend Paid to</u></b>					
	Galaxy Chemicals	5.54	5.56	7.81	11.19	22.60
	Galaxy Investments	0.10	0.10	0.14	0.21	0.21
	Galaxy Emulsifiers Private Limited	0.34	0.34	0.48	0.68	1.36
	Mr. U. Shekhar	2.57	2.57	3.60	5.14	10.28
	Mr. S. R. Shanbhag	2.51	2.51	3.56	5.09	10.17
	Mr. G. Ramakrishnan	1.46	1.46	2.05	2.93	5.85
	Mr. U. K. Kamat	0.03	0.03	0.04	0.05	0.10
	Mr. Sudhir D. Patil	2.57	2.57	-	-	-
	Mrs. Lakshmy Shekhar	0.01	0.01	0.01	0.01	0.02
	Mr. Karthik Shekhar	-	0.07	0.10	0.15	0.29
	Mrs. Vandana Shanbhag	0.01	0.07	0.10	0.14	0.26
	Mrs. Jayashree Ramakrishnan	1.12	1.12	1.57	2.24	4.48
5]	<b><u>Rent Received from</u></b>					
	Galaxy Chemicals	0.01	0.01	-	-	-
6]	<b><u>Fixed Deposits/Loans received from</u></b>					
	Mr. U. Shekhar	4.43	-	-	11.60	16.50
	Mr. S. R. Shanbhag	3.93	-	0.10	3.00	3.00
	Mr. S. D. Patil	3.30	-	-	-	-
	Mr. G. Ramakrishnan	2.33	-	-	-	-
	Mr. Karthik Shekhar	-	0.20	-	0.22	1.10
	Miss. Nandini Shekhar	-	0.25	-	0.20	1.26
	Miss. Sneha Shanbhag	-	0.05	-	-	3.00



Sr. No.	Particulars	Year ended 31st March				
		2006	2007	2008	2009	2010
	Mr. Pranav Shanbhag	-	0.05	-	-	2.70
	Mrs. Jayashree Ramakrishnan	1.10	-	-	-	-
	Mrs. Sandhya Patil	0.20	-	-	-	-
	Mr. Yash Patil	-	1.50	-	-	-
7]	<b>Fixed Deposits/Loans repaid to</b>					
	Mr. U. Shekhar	1.80	0.59	0.11	0.54	3.11
	Mr. S. R. Shanbhag	2.00	0.59	-	0.08	2.81
	Mr. S. D. Patil	-	3.09	-	-	-
	Mr. G. Ramakrishnan	1.80	0.64	0.07	1.06	0.01
	Miss. Nandini Shekhar	-	-	-	-	1.10
	Mrs. Lakshmy Shekhar	1.00	-	-	-	-
	Mr. Karthik Shekhar	-	-	0.40	-	0.70
	Mrs. Jayashree Ramakrishnan	-	-	1.00	1.00	-
	Mrs. Sandhya Patil	-	1.70	-	-	-
	Mr. Siddharth Patil	-	2.50	-	-	-
8]	<b>Loans given to</b>					
	Galaxy Surfactants Limited - Employees' Welfare Trust	-	-	-	-	25.82
9]	<b>Share Application Money Received/ Shares allotted</b>					
	Galaxy Surfactants' Limited - Employees' Welfare Trust	-	-	-	-	26.38
	U.K. Kamat	-	-	-	-	3.41

**E] Related Parties' Balances**
*(Rs. in mn)*

Sr. No.	Particulars	Year ended 31st March				
		2006	2007	2008	2009	2010
1]	<u>Fixed Deposits and Loans received from</u>					
	Mr. U. Shekhar	4.03	3.68	3.84	15.19	28.58
	Mr. S. R. Shanbhag	2.85	2.44	2.76	5.91	6.10
	Mr. S. D. Patil	3.50	0.60	-	-	-
	Mr. G. Ramakrishnan	2.35	1.78	1.78	0.76	0.75
	Mr. Karthik Shekhar	0.90	1.10	0.70	0.92	1.32
	Miss. Nandini Shekhar	0.85	1.10	1.10	1.30	1.46
	Mrs. Vandana Shanbhag	0.30	0.30	0.30	0.30	0.30
	Miss. Sneha Shanbhag	-	0.05	0.05	0.05	3.05
	Mr. Pranav Shanbhag	-	0.05	0.05	0.05	2.75
	Mrs. Jayashree Ramakrishnan	3.45	3.45	2.45	1.45	1.45
	Mrs. Sandhya Patil	1.70	-	-	-	-
	Mr. Siddharth Patil	2.50	-	-	-	-
	Mr. Yash Patil	-	1.50	-	-	-
2]	<u>Accounts Payable to</u>					
	Galaxy Chemicals	11.49	25.73	0.02	-	-
	Galaxy Estates & Holdings	0.02	0.02	-	-	-
3]	<u>Accounts Receivable from</u>					
	Galaxy Surfactants Limited - Employees' Welfare Trust	-	-	-	-	25.82

**Annexure No. XIV – Restated Consolidated Rates and Amount of Dividend Paid**

(Rs.in mn)

Particulars	Year ended 31st March									
	2006		2007		2008		2009		2010	
<b>Share Capital</b>	85.64		85.64		85.64		85.64		177.27	
<b>Dividend Declared:</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>
Interim Dividend	-	-	15.00	12.85	-	-	-	-	25.00	42.82
Final Dividend	10.00	8.56	35.00	29.97	50.00	42.82	50.00	42.82	15.00	26.59
<b>Total</b>		<b>8.56</b>		<b>42.82</b>		<b>42.82</b>		<b>42.82</b>		<b>69.41</b>

# **Annexure No. XV - Restated Consolidated Accounting Ratios**

	Particulars	As on 31 <sup>st</sup> March				
		2006	2007	2008	2009	2010
1	Earning per Equity share (Rs.)					
	- Basic	3.55	14.87	15.35	15.63	22.12
	- Diluted	3.55	14.87	15.35	15.63	22.12
2	Return on Net Worth (%)	12.70%	42.05%	32.28%	25.96%	28.58%
3	Net Asset value per Equity share (Rs.)	58.76	82.68	107.50	133.39	85.07
4	Weighted Average no. of Equity shares outstanding during the period for Basic EPS (nos)	17,127,376	17,127,376	17,127,376	17,127,376	17,129,020
5	Weighted Average no. of Equity shares outstanding during the period for Diluted EPS (nos)	17,127,376	17,127,376	17,127,376	17,127,376	17,129,020
6	Total shares outstanding at the end of the year (nos)	8,563,688	8,563,688	8,563,688	8,563,688	17,727,376

## **Notes:**

- The above ratios have been computed as under:

Basic Earning per Share (Rs.) = 
$$\frac{\text{Net profit available to equity shareholders as restated}}{\text{Total Weighted average number of Equity shares outstanding during a period}}$$

Dilutive Earning per Share (Rs.) = 
$$\frac{\text{Net profit available to equity shareholders as restated}}{\text{Potential Weighted average number of Equity shares outstanding during a period}}$$

Return of Net Worth (%) = 
$$\frac{\text{Net profit after tax as restated}}{\text{Average Net Worth as restated at the end of the period}}$$

Net Asset Value per Equity share (Rs.) = 
$$\frac{\text{Net Worth as restated at the end of the period}}{\text{No. of Equity shares outstanding at the end of the year}}$$

- Net Profit as restated has been considered for the purpose of computing the above ratios.
- Earnings per share calculations are done in accordance with Accounting Standard 20 on 'Earnings Per Share', issued by the Institute of Chartered Accountants of India.

## FINANCIAL INDEBTEDNESS

The details of secured financial obligations of our Company as on June 30, 2010 are as under:

### TERM LOAN:

Name of Institution	Sanctioned Amount	Outstanding as on 30th June 2010	Rate of Interest p.a.	Principal Terms
DBS Bank Limited (ECB US\$ 5Mio) vide sanction/offer letter dated March 23, 2007	US \$ 5 mn	Rs 232.5 mn (US \$ 5 mn)	JPY 3M LIBOR + 0.96% margin	Four installments of US\$ 1.25 mn each July 2010, Aug 2010, July 2011 and Aug 2011
The Saraswat Co-operative Bank Limited (Corporate Loan) vide sanction letter dated June 22, 2007)	Rs. 200 mn	Rs. 200 mn	10% (PLR-3%)	Total Tenor 18months with drawdown option for part/full loan amount anytime during 18months period with 30days notice & with full/part prepayment option in every 6 months
The Saraswat Co-operative Bank Limited (vide sanction letter dated July18, 2009)	Rs. 250 mn	Rs. 50 mn	10.50% (PLR – 250 bps)	20 quarterly repayments after 1.5 years moratorium.
The Shamrao Vithal Co-operative Bank Limited (vide sanction letter dated August 17, 2009)	Rs. 250 mn	Rs. 50 mn	10.50% (Saraswat PLR – 250 bps)	20 quarterly repayments after 1.5 years moratorium
IDBI Bank Limited vide sanction letter dated September 30, 2009	Rs. 250 mn	Rs. 50 mn	10.50% (PLR – 225 bps)	20 quarterly repayments after 1.5 years moratorium
Standard Chartered Bank (ECB) US\$12Mio (vide sanction/LOI letter dated June 18, 2009)	US \$ 12 million	Rs. 563.25 mn (US \$ 12 mn)	3M LIBOR + 275bps	16 Quarterly Repayments after Moratorium (15 months moratorium) 1st year Nil, 2nd year 15%, 3rd year 25%, 4th year 30% & 5th year 30%

### Term Loan Security:

First Charge on fixed Assets & second charge on current assets (stocks & receivables)

### WORKING CAPITAL FACILITIES:

Name of the facility	Sanctioned Amount	Outstanding as on 30th June 2010	Rate of Interest p.a.	Principal Terms	Security
<b>STANDARD CHARTERED BANK</b>					
Pre-shipment / Post-shipment finance, Overdraft, Working Capital Demand Loan, Short Term Loan, Letter of Credit	Rs. 350 mn			Renewable every year	Hypothication of Stocks & Receivables (first Charge) second charge on fixed assets
- Multi currency Pre-shipment finance (Sublimit of Rs. 350 Mio)		Rs. 231.52 mn	As per RBI Guidelines (LIBOR+200bps)	Maximum of 180 days to be repaid by lodgement of export bills	
- Multi currency Post-shipment finance (Sublimit of Rs. 350 Mio)			At rates as negotiated and agreed from time to	Maximum of 180 days to be repaid against	

Name of the facility	Sanctioned Amount	Outstanding as on 30th June 2010	Rate of Interest p.a.	Principal Terms	Security
			time	realisation of export bills	
- Overdraft (Sublimit of Rs. 50 Mio)			At rates agreed with bank	Upto 1 day	
- Working Capital Demand Loan / Short Term Loan (Sublimit of Rs. 150 Mio)			At rates agreed with bank	Upto 365 Days	
- Import LC / Delivery Orders (Sublimit of Rs. 250 Mio)		-	At rates agreed with bank	Upto 365 Days	
Letter of Credit / Payment Undertaking / Buyers credit / Guarantees	Rs 300 mn	Rs. 142.57 mn		Renewable every year	
- Letter of Credit (Sublimit of Rs. 300 Mio)			At rates agreed with bank	Upto 365 Days	
- Payment Undertaking / Buyers Credit (Sublimit of Rs. 300 Mio)			As per RBI Guide lines	Upto 360 Days	
- Guarantees (Sublimit of Rs. 100 Mio)			At rates agreed with bank	Upto 365 Days	
<b>CITIBANK N.A.</b>					
Cash Credit, Working Capital Demand Loan, Pre & Post Shipment Finance, domestic bill discounting, letter of credit	Rs 250 mn	Rs. 82.45 mn	At rates agreed with bank (LIBOR+350bps)	Upto 180 Days for Letter of Credit, Pre & Post Shipment Finance	Hypothecation of Stocks & Receivables (first Charge) second charge on fixed assets (Second charge on fixed assets relinquished in May 2010)
- Bank Guarantee / SBLC (Sublimit of Rs. 48 Mio)		Rs. 23.25 mn		Upto 1 year	
<b>IDBI BANK LIMITED</b>					
Cash Credit, Working Capital Demand Loan (Interchangeable from fund based to non fund based upto Rs. 100 Mio)	Rs 150 mn	Nil	CC PLR - 100 bps WCDL as agreed with bank(11.75%)	CC - 12 months line. WCDL - upto 90 days	Hypothecation of Stocks & Receivables (first Charge) second charge on fixed assets
- Export packing credit / Packing credit in foreign currency (Sublimit of Rs. 75 Mio)			PLR - 250 bps (FC: LIBOR + 100 bps)	Upto 90 Days repayable out of proceeds of export bills discounted	
- Foreign Bill Purchase / Negotiation (Sublimit of Rs. 75 Mio)			PLR - 250 bps (FC: LIBOR + 100 bps)	Upto 90 Days out of realisation of export bills	
Letter of Credit	Rs 300 mn	Nil		Upto 90 Days	Hypothecation of Stocks & Receivables (first Charge) second charge on fixed assets
- Bank Guarantee (Sublimit of Rs. 50 Mio)				Upto 36 Months	

Name of the facility	Sanctioned Amount	Outstanding as on 30th June 2010	Rate of Interest p.a.	Principal Terms	Security
<b>THE SARASWAT CO-OPERATIVE BANK LIMITED</b>					
Cash Credit , Pre / Post Shipment Credit, FCL, Advance Against Bill	Rs 300 mn	Rs 40.86 mn	9.90% (PLR -3.10%)		Hypothecation of Stocks & Receivables (first Charge) second charge on fixed assets
- Preshipment / Postshipment Credit (Sublimit of Rs. 240 Mio)		Rs 53.25 mn	8.5% Rupee PC & LIBOR +3.2432%		
- Foreign Currency Loan (Sublimit of Rs. 50 Mio)					
- Advance against bill (Sublimit of Rs. 60 Mio)		Rs 9.16 mn	8.50%		
Letter of Credit (Non Fund Based)	Rs 35 mn				Hypothecation of Stocks & Receivables (first Charge) second charge on fixed assets
Bank Guarantee (Non Fund Based)	Rs 19 mn	Rs 23.75 mn			Hypothecation of Stocks & Receivables (first Charge) second charge on fixed assets
<b>DBS BANK LIMITED</b>					
Multiline Facilities (Letter of Credit, Buyers Credit, Purchase bill / invoice discounting, sales bill/invoice discounting, export credit)	Rs 100 mn	NIL	to be mutually decided upon		Hypothecation of Stocks & Receivables (first Charge) second charge on fixed assets
Letter of Credit / Buyers Credit				Upto 180 Days	
Purchase bill/invoice discounting, Sales bill/invoice discounting				Upto 90 days	
Loan Packing credit / Packing credit in foreign currency				Upto 180 Days	
Export Bills Purchase / Foreign Bills Negotiation				Upto 180 Days	
Foreign Exchange Facility				Upto 1 year	
Treasury Derivative Limit				Upto 3.5 Years	

#### RESTRICTIVE COVENANTS:

We have availed financial facilities from several banks and financial institutions. In respect of various agreements entered into by our Company with our lenders and sanction letters issued by our lenders to us, we are bound by certain restrictive covenants, wherein we may be required to take the written permission of the lender, which, *inter-alia*, includes:

- The assets hypothecated to the bank shall be held as the bank's exclusive property specifically appropriated to the security save and except the first charge created by our Company in favour of the bank for the facilities;
- No changes whatsoever that may take place in the constitution of our Company or bank (Whether by amalgamation or otherwise) shall impair or discharge the liability of our Company to the bank. Our Company shall not however make any change in its memorandum of association and articles of association without previous consent of the bank in writing;

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- Our company shall not take any Directors in the Company or change the constitution of our Company except with the consent of the bank;
  - Our Company shall not formulate any Scheme of Amalgamation or reconstruction without prior approval of the bank;
  - Our Company shall not make any repayment of the loans and deposits and discharge other liabilities except those shown in the funds flow statement submitted from time to time without bank's prior permission;
  - Our Company shall not escrow its future cash flows or create any charge or lien or interest of whatsoever nature without prior approval of the bank; effect change in their capital structure;
  - Our Company shall not prepay any loan availed by it from any other party for the project without prior written approval of the lender, which may be granted subject to such conditions as may be stipulated by the lender;
  - Our Company shall not pay any commission to its Promoters, Directors, managers, or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any other obligation undertaken for or by the borrower/s for the purpose of the project;
  - Our Company shall not create any subsidiary or permit any company to become its subsidiary;
  - Our Company shall not revalue its assets at any time during in the currency of the loan;
  - Our Company shall have no right of assignment under the loan agreement without prior approval of the lender;
  - Our Company shall not undertake any major capital expenditure without the written consent of the lenders;
  - Our Company shall not undertake any further projects/ investments as well as raise any fresh loan/ debts without specific prior approval of lenders;
  - Monies brought in by principal shareholders/ Directors/ depositors will not be allowed to be withdrawn without the bank's permission;
  - Our Company will not declare dividends without banks prior permission;
  - The shareholding of the Promoters in our Company shall not fall below 51% during the tenor of borrowings, without the bank's prior approval;
  - Our Company shall not assign or transfer any of its obligations under the counter-indemnity and guarantee except with the prior written permission of the bank;
  - Our Company shall not sell, transfer or otherwise dispose of any of its receivable on recourse terms;
  - Our Company shall not enter into any preferential arrangement;
  - Our Company shall not substantially alter the nature of its business;
  - Our Company should obtain the written consent of the bank in entering into any borrowing arrangement with any other bank / financial institution or with any other party;
  - Our Company should obtain the written consent of the bank before making investment in or granting loans to subsidiaries, associate concerns, individuals and other parties;
  - So long as any monies are due to the bank, our Company will not make or suffer any mortgage, charge, lien, or encumbrance affixing the same or part thereof nor will our Company borrow monies or endorse or accept hundies on account of loans of money in favour of any money lender and shall not open or maintain an account with any other bank, without prior written consent of the bank, being obtained therefore;



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

*You should read the following discussion and analysis of our financial condition and results of operations together with our audited standalone restated financial statements prepared in accordance with paragraph B of Part II of Schedule II to the Companies Act and SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto and the reports thereon of each of the financial years ended March 31, 2007, 2008, 2009 and 2010 in the chapter titled "Auditors' Report" on page 178 of the Draft Red Herring Prospectus. The following discussion relates to our Company on a standalone basis, and, unless otherwise stated, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Accounting Standards and other applicable provisions of the Companies Act and the SEBI (ICDR) Regulations. Our fiscal year ends on March 31 of each year so accordingly all references to a particular financial year are to the twelve months ended March 31 of that year.*

*In addition, the following discussion contains certain forward-looking statements that reflect our current views with regard to our plans, estimates and beliefs. Our actual results may differ materially from those discussed in these forward-looking statements please refer to "Forward-Looking Statements" on page 12 of the Draft Red Herring Prospectus. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below as well as in the section titled "Risk Factors" on page 13 of the Draft Red Herring Prospectus.*

### **Discussion on Restated Audited Standalone Financial Statement from Fiscal 2007 to Fiscal 2010:**

We have two direct wholly owned subsidiary companies and four step-down subsidiary companies as at March 31 2010. The table below gives their scope of activities and the year in which they became our subsidiary/ step down subsidiary.

Name of the Company	Galaxy Chemicals Inc (GC US)	Galaxy Holdings (Mauritius) Ltd (GHML)	Galaxy Chemicals (Egypt) SAE (GC Egypt)
Country of incorporation	USA	Mauritius	Egypt
Year of becoming a subsidiary	Fiscal 2004	Fiscal 2009	Fiscal 2010
Type of subsidiary	Wholly Owned Direct Subsidiary	Wholly Owned Direct Subsidiary	Wholly Owned Subsidiary of GHML
Type of activity	Direct marketing and liaison work with customers for North and South America	Special purpose vehicle to hold investment in subsidiary companies outside India	To undertake manufacturing in Egypt. The plant is under implementation.

Name of the Company	Rainbow Holdings GmbH (RH)	Tri-K Industries Inc (USA) (TRI-K)	Maybrook Inc USA (Maybrook)
Country of incorporation	Germany	USA	USA
Year of becoming a subsidiary	Fiscal 2010	Fiscal 2010	Fiscal 2010
Type of subsidiary	Wholly Owned Subsidiary of GHML	Wholly Owned Subsidiary of RH	Wholly Owned Subsidiary of TRI-K
Type of activity	Special purpose vehicle to hold investment in TRI-K	Sales and Distribution Business in Specialty Chemicals	Manufactures proteins that goes into personal care products

In Fiscal 2009 we had two direct wholly owned subsidiaries – GC US and GHML. GC US incorporated in Fiscal 2004 undertakes direct marketing activities for our Company in Americas for an overriding commission on sales made in this region. It has no other independent business activity. GHML was incorporated in Fiscal 2009 to hold investments in all operating ventures outside India.

In Fiscal 2010 four new companies namely GC Egypt, RH, TRI-K and Maybrook Inc became our step down wholly owned subsidiaries. GC Egypt is setting up greenfield manufacturing capacities as mentioned in the objects of the issue, hence there was no revenue during Fiscal 2010. RH is a special purpose investment vehicle and does not undertake any business activity.

TRI-K and its wholly owned subsidiary Maybrook Inc became our subsidiaries with effect from July 01, 2009.

For details of subsidiaries please refer chapter “*History and Certain Corporate Matters*” on page 146 of the Draft Red Herring Prospectus

### **Overview**

We are one of the leading manufacturers and marketers of surfactants and specialty chemicals in India for the Personal and Home Care (“PHC”) industry. We produce a range of vital cosmetic ingredients including active ingredients, UV protection and functional products. Our products cater to some of the largest global brands in the FMCG sector and find applications in skin care, hair care, oral care, body wash, sun care, household cleaners and fabric care segments.

From a modest beginning in 1980 with two products by our Promoters, we have today transformed our business into a value based, technology driven, environment conscious and customer oriented organization with a portfolio of 66 products and with sales spread over 70 countries. We are certified supplier and preferred vendor for leading companies in the field of personal and home care. Few of our global customers are Beiersdorf, Colgate Palmolive, Ecolab, Henkel, Diversey, L’Oreal, Reckitt Benckiser and Unilever. Our domestic customers include Ayur, CavinKare, Dabur, Emami, ITC, Marico, Procter & Gamble Home Products Limited to name a few. Our growth has been aided by our approach of strategic partnership with our customers. Customer intimacy, innovation and competitiveness form our value triangle.

Our registered and corporate office is located at TTC Industrial Area, Pawne, Navi Mumbai. We have regional offices in New Delhi, Thailand and USA. We presently have three manufacturing units at Tarapur, two manufacturing units at Taloja, Maharashtra and one manufacturing unit in USA. Both the units at Taloja are continuous process plants and one of the units is a 100% Export Oriented Unit (EOU). The manufacturing facility in USA is owned by our 100% step-down subsidiary Maybrook Inc. All our existing manufacturing units in India are certified for ISO 9001:2008 Quality Management Systems by Bureau Veritas Certification (India) Private Limited and have also obtained TPM awards from Japan Institute of Plant Maintenance. Further, we are in the process of setting up manufacturing units at Jhagadia, Gujarat which will be operational by May 2011 and at Suez, Egypt through our 100% step down subsidiary GC Egypt which will be operational by August 2011.

R&D programmes is key to successful innovation in our business. Our R&D Centre is recognized by the Department of Science and Technology, Government of India. Our R&D efforts are driven by our ‘Consumer-to-Chemistry’ strategy. This involves understanding the changing consumer trends and tuning our R&D efforts in line with our customer’s product development initiatives. We have a well-equipped R&D centre at Navi Mumbai to develop new products, technologies and applications for the personal and home care industry. Our R&D efforts also comprise of standardizing new analytical methods and identifying substitutes for certain raw materials. We have to our credit 18 patents in India and 10 patents in USA. In addition, we have applied for 12 patents in India and 1 patent in Europe.

Our Total Income and Profit after Tax (PAT) as per the restated standalone financial statements for Fiscal 2010 are Rs. 5941.80 mn and Rs. 403.42 mn respectively.

### **Significant developments subsequent to Fiscal 2010**

To our knowledge, no circumstances other than as disclosed in the Draft Red Herring Prospectus have arisen since the date of the last financial statements contained in the Draft Red Herring Prospectus which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

### **Factors affecting our Results of Operations**

Our results of operations have been, and will continue to be affected by a number of events and actions, some of which are beyond our control. However, there are some specific factors that we believe have impacted our results of operations and, in some cases, will continue to impact our results on a consolidated level and at our individual facilities. In this section, we have discussed several factors that we believe have, or could have, an impact on our results. Further, please refer to the section titled “*Risk Factors*” on page 13 of the Draft Red Herring Prospectus.

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**Capacity Creation and Utilization Levels:**

The growth in sales and profits is dependent on timely creation of manufacturing capacities. PHC industry is continuously growing and its demand is non cyclical. We are constantly acquiring new global customers and scaling up our business share with them by entering into new geographies and by increasing our product offering to them. Such acquisition of market share and share in the customers' business, calls for timely creation of capacities and their optimal utilisation levels. Any lead or lag in the creation and utilisation of capacities can influence profits reported between two fiscal years.

**Material Cost:**

Changes in the feed stock prices can affect the results in times of high volatility. Our Company follows the quarterly and spot pricing for sales. Quarterly pricing model is generally followed for strategic customers who have large requirements. For such customers there is generally back to back cover for major feedstock / freight and foreign exchange components. In case of regional and local customers spot pricing is done.

As the pricing is generally fixed for three months period, any changes in the market conditions and volatility can affect operating results for that quarter. The prices thereafter are changed to capture the changes in the market conditions. Any change in the price of these materials due to various factors, some of which may not be within our control, can affect our results of operations. Due to our global operations, our business also depends on efficient supply chain management. We need to curtail our supply chain costs through optimal inventory levels, economic order quantities and other measures.

**Application Development and Innovation**

Our Company does innovation and application development to meet the needs of our customers and improve the performance of the end products. Our research and development focus is on innovation, increasing our cost competitiveness through improving operational efficiencies, and on developing non infringing processes. Expenses incurred on innovation, commercialization of new products and applications enhances value of the brand and influences the profits of our Company.

**Customer Profile:**

We are a customer oriented organization with sales spread over 70 countries. Different customer segments offer different opportunities. For marketing focus, we have grouped them into multinational, regional and local customers. Business composition with varied customer profiles can influence the operating results of our Company.

**Custom Duties and Indirect Taxes:**

Changes in the duty structure on imports / exports and DTA entitlements can influence the operating results of our Company.

**Relative Exchange Movements:**

Relative movement in foreign exchange rates between the USD and the currency of the vendors, customers and competitors can influence the pricing and off take levels at times and influence the operating results of our Company.

**Overview of Results of Operations of our Company based on our audited Restated Standalone Financial Statements****Income:**

Our income mainly comprises 1) income from sale of manufactured personal and home care ingredients in domestic and export markets (including deemed exports). 2) Other Income

**Sales:**

Our sales comprises of income from manufacturing and trading of surfactants in domestic and overseas market. Our total sales have increased at a CAGR of 24% during fiscal 2008 to fiscal 2010.

Despite the volatility in the currency and commodity markets observed during this period, we have been able to post a CAGR of over 24% in EBITDA and PAT.

The following are the sales derived from our top customers:

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010
Sales to top 5 customers as a % to total sales	57.06%	60.56%	57.36%
Sales to top 10 customers as a % to total sales	67.16%	70.16%	66.71%

Our sales comprises of export sales (including deemed exports) and domestic sales. The sales are recognized on ex-works basis for domestic sales and FOB basis for export sales. Export sales are recognised at opening spot rate of the day and the difference between the realization rate and the accounting rate flows to the exchange fluctuation account. Gains on account of exchange fluctuations have been grouped with other income. Any loss on account of exchange fluctuations on trade related items has been shown as a separate expenditure in the restated financial statements. Any loss or gain on account of financial items (External commercial borrowings / Packing Credit etc) has been grouped under the head "Interest and Finance Charges".

***Other Income:***

Other income mainly comprises of income from scrap sales, cash discounts earned, foreign exchange gain, dividend income and interest on bank deposits.

**Expenditure:**

Our expenditure head comprises mainly of material consumed, staff cost, other manufacturing cost, administrative expenses, selling expenses, interest and depreciation. We account for expenses under the following heads:

***Material Consumed:***

This includes mainly the cost of raw materials, primary packing materials, secondary packing materials and consumables.

***Staff Cost:***

This consists of costs of employees engaged in manufacturing, selling, administration, research and development. It includes expenses like salaries, wages, contribution to provident fund, leave encashment, gratuity, overtime, bonus, ex-gratia, canteen expenses, medical, other staff welfare expenses, etc.

***Other Manufacturing Costs:***

This mainly includes costs on power and fuel, laboratory consumables, repairs and maintenance, contract labour, other plant operating expenses, etc.

***Administrative Expenses:***

This includes mainly costs associated with administrative functions like travel, research and development, professional charges, membership and subscription fees, printing and stationery, expenses on information and communication systems, audit fees, telephones, donations and other corporate administrative office related expenses.

***Selling Expenses:***

The selling expenses include mainly commission on sales, exhibition, outward freight and forwarding expenses, discount, depot expenses, branch office expenses, bank charges on export documents, etc.

***Interest and Finance Charges:***

This consists of interest paid on the loans taken from banks, interest on factored debts, fixed deposits and vendor funding arrangements. It also includes currency swap charges and other financial charges which are shown as separate items.

***Depreciation:***

This includes depreciation on building, plant and machinery, furniture and fixtures, vehicles, office equipment, etc. Depreciation on fixed assets has been provided on the straight line method at the rates prescribed under Schedule XIV of the Companies Act. Leasehold land is amortized over lease hold period

Depreciation is provided on the following rates on straight line method:

Leasehold land	- Amortized over lease hold period
Factory Building	- 3.34%
Building-Others	- 1.63%
Furniture & Fixtures	- 6.33%
Plant & Machinery	
- General	- 10.34%
- Continuous process plant	- 5.28%
Vehicles	- 9.50%
Office Equipments	- 4.75%
Computers	- 16.21%

#### Taxation:

Our provision for taxation comprises of income tax, fringe benefit tax and deferred tax. Provision for current tax is made based on the tax payable under the relevant statute. Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty of its realization.

One of our units has an EOU status under Section 10B of the IT Act. Under this provision the exports made from this unit are exempt from tax till Fiscal 2011. The profit from this unit, which is exempt from tax, reduces the effective tax rate of our Company.

#### **Discussion on Results and Analysis:**

The following table sets forth select financial data from our standalone restated profit and loss accounts for the Fiscal Years ended March 31, 2007, 2008, 2009 and 2010 the components of which are also expressed as a percentage to total income for such periods:

(Rs in mn)

Particulars	Fiscal 2007	% to Total Income	Fiscal 2008	% to Total Income	Fiscal 2009	% to Total Income	Fiscal 2010	% to Total Income
<b>Income</b>								
<b>Sales-Manufactured</b>								
Domestic	1506.05	45.7%	1649.20	42.4%	2511.68	44.1%	2721.22	45.8%
Export	1721.04	52.2%	2170.01	55.8%	3029.61	53.2%	3155.82	53.1%
<b>Sub-total (a)</b>	<b>3227.09</b>	<b>97.9%</b>	<b>3819.21</b>	<b>98.2%</b>	<b>5541.29</b>	<b>97.3%</b>	<b>5877.04</b>	<b>98.9%</b>
<b>Sales-Traded</b>								
Domestic	-	0.0%	-	0.0%	-	0.0%	4.98	0.1%
Export	-	0.0%	1.89	0.0%	18.90	0.3%	17.11	0.3%
<b>Sub-total (b)</b>	<b>-</b>	<b>0.0%</b>	<b>1.89</b>	<b>0.0%</b>	<b>18.90</b>	<b>0.3%</b>	<b>22.09</b>	<b>0.4%</b>
<b>Total Sales (a+b)</b>	<b>3227.09</b>	<b>97.9%</b>	<b>3821.10</b>	<b>98.2%</b>	<b>5560.19</b>	<b>97.6%</b>	<b>5899.13</b>	<b>99.3%</b>
<b>Growth (y-o-y)</b>	<b>19.7%</b>		<b>18.4%</b>		<b>45.5%</b>		<b>6.1%</b>	
Other Income	3.41	0.1%	46.07	1.2%	34.13	0.6%	30.29	0.5%
Increase/(decrease) in inventories	64.62	2.0%	22.38	0.6%	98.88	1.8%	12.38	0.2%
<b>Total Income</b>	<b>3295.12</b>		<b>3889.55</b>		<b>5693.20</b>		<b>5941.80</b>	
<b>Expenditure</b>								
Material consumed	2266.08	68.8%	2723.94	70.0%	4239.66	74.5%	4133.71	69.6%
Staff cost	153.33	4.6%	181.62	4.7%	235.15	4.1%	296.00	5.0%
Other Manufacturing Costs	182.68	5.5%	216.25	5.5%	255.68	4.5%	314.18	5.3%
Administration Expenses	84.66	2.6%	104.41	2.7%	135.72	2.4%	151.75	2.5%
Loss on Sale/Discarded Assets	0.10	0.0%	17.58	0.5%	6.95	0.1%	0.41	0.0%
Selling Expenses	104.43	3.2%	105.60	2.7%	145.51	2.6%	146.17	2.5%

Particulars	Fiscal 2007	% to Total Income	Fiscal 2008	% to Total Income	Fiscal 2009	% to Total Income	Fiscal 2010	% to Total Income
Foreign Exchange Loss	6.49	0.2%	-	0.0%	34.52	0.6%	1.44	0.0%
Advance Given written off	-	0.0%	-	0.0%	-	0.0%	40.76	0.7%
<b>Total</b>	<b>2797.77</b>	<b>84.9%</b>	<b>3349.40</b>	<b>86.1%</b>	<b>5053.19</b>	<b>88.8%</b>	<b>5084.42</b>	<b>85.6%</b>
<b>Earnings Before Interest Depreciation and Tax (EBITDA)</b>	<b>497.35</b>	<b>15.1%</b>	<b>540.15</b>	<b>13.9%</b>	<b>640.01</b>	<b>11.2%</b>	<b>857.38</b>	<b>14.4%</b>
<b>Interest and Finance Charges</b>								
Interest	70.48	2.1%	83.66	2.2%	111.81	2.0%	125.95	2.1%
Currency Swap & Loan Processing Charges	0.60	0.0%	4.09	0.1%	10.56	0.2%	9.75	0.2%
Foreign Exchange Fluctuation loss/(gain) on Loans	(0.40)	0.0%	(2.26)	(0.1%)	50.22	0.9%	(10.97)	(0.2%)
Depreciation	110.88	3.4%	120.37	3.1%	147.01	2.5%	172.56	2.9%
<b>Net profit before tax and extraordinary items</b>	<b>315.79</b>	<b>9.6%</b>	<b>334.29</b>	<b>8.6%</b>	<b>320.41</b>	<b>5.6%</b>	<b>560.09</b>	<b>9.4%</b>
Current Tax	71.00		64.10		44.60		136.34	
Prior Year Tax Adjustments	(5.16)		-		-		(0.28)	
Deferred Tax	(6.60)		6.60		6.59		20.61	
Fringe Benefit Tax	1.30		1.80		2.20		-	
<b>Net Profit before extraordinary items</b>	<b>255.25</b>	<b>7.7%</b>	<b>261.79</b>	<b>6.7%</b>	<b>267.02</b>	<b>4.7%</b>	<b>403.42</b>	<b>6.8%</b>
Extraordinary Items (net of tax)	-		-		-		-	
<b>Net Profit after extraordinary items</b>	<b>255.25</b>	<b>7.7%</b>	<b>261.79</b>	<b>6.7%</b>	<b>267.02</b>	<b>4.7%</b>	<b>403.42</b>	<b>6.8%</b>

#### Comparison of financials of Fiscal 2010 with Fiscal 2009

##### **Total Sales:**

Our total sales have increased to Rs. 5,899.13 mn in Fiscal 2010 as against Rs. 5,560.19 mn in Fiscal 2009, registering a growth of 6.1% y-o-y. We registered a volume growth of 25.7% in Fiscal 2010 which has been substantially offset by the fall in selling prices by 19.6% in Fiscal 2010. The fall in the sales value was due to decline in price levels of our raw materials which resulted in lower realisations for our products.

The exports sales increased to Rs. 3,172.93 mn in Fiscal 2010 from Rs. 3,048.51 mn in Fiscal 2009 registering a growth of 4.1 % y-o-y. During the same period domestic sales increased to Rs. 2,726.20 mn from Rs. 2,511.68 mn, registering a growth of 8.5 %.

Hence there was no much change in the composition of our total sales as regards to export and domestic sales in Fiscal 2010 as compared to Fiscal 2009. Export sales constituted 53.8% of our total sales in Fiscal 2010.

##### **Other Income:**

Other income for Fiscal 2010 is lower at Rs. 30.29 mn as compared to Rs. 34.13 mn during Fiscal 2009, due to the following reasons:

- In Fiscal 2009 there was a one time receipt of Rs.17.00 mn from a customer for lower off take against commitments.

- This was to some extent offset by higher cash discount earned on early payment to suppliers, which was Rs. 17.12 mn in Fiscal 2010 as against Rs. 8.39 mn in Fiscal 2009.
- Other Interest income was also higher at Rs 6.25 mn in Fiscal 2010 as against Rs 0.59 mn in Fiscal 2009 on account of Rs 5.45 mn received as interest on income tax refund received during Fiscal 2010.

***Material consumed:***

The cost of material consumed as a percentage to total income was 69.6% in Fiscal 2010 as compared to 74.5% in Fiscal 2009. Normally, the material cost is between 69% and 71% of the total income. However, for Fiscal 2009 material cost was abnormally high due to unprecedented, volatility in raw material prices.

***Staff cost:***

The staff cost in Fiscal 2010 was Rs. 296.00 mn as compared to Rs. 235.15 mn in Fiscal 2009, an increase of 25.9% y-o-y. This increase was mainly due to annual increment in salaries and fresh recruitments during the year.

***Other manufacturing expenses:***

Other manufacturing expenses increased to Rs. 314.18 mn in Fiscal 2010 from Rs. 255.68 mn in Fiscal 2009, an increase of 22.9% y-o-y. The same is on account of 25.7% growth registered in sales volume during the year.

***Administrative expenses:***

The administrative expenses increased to Rs. 151.75 mn in Fiscal 2010 from Rs. 135.72 mn in Fiscal 2009 an increase of 11.8% y-o-y. The same is on account of increase in travel, insurance and recruitment expenses.

***Selling expenses:***

The selling expenses increased to Rs. 146.17 mn in Fiscal 2010 from Rs. 145.51 mn in Fiscal 2009. Selling expenses are showing a nominal rise in Fiscal 2010 over Fiscal 2009. In Fiscal 2009 we have incurred an expense of Rs 5.01 mn for registration of products in Europe under REACH regulations. Further the Exhibition expenses in Fiscal 2010 were at Rs. 2.97 mn against Rs. 4.52 mn incurred in Fiscal 2009. The significant lower expenses on these two items in Fiscal 2010 compensated for the rise in other components resulting in an overall marginal rise in selling expenses.

***Advance Given Written off:***

- We acquired 60% stake in OTC GmbH, a Technology and R&D set up in Germany and 76% stake in TRI-K, a specialty chemicals distribution company in USA through a special purpose vehicle, RH. Thus RH became the joint venture partner with Gerd Dahms Group ("Gerd") in these two businesses. TRI-K has a wholly owned subsidiary Maybrook Inc having a protein manufacturing facility in USA.
- During Fiscal 2010 we entered into two agreements in the ordinary course of business with OTC GmbH. One agreement was for technology development and transfer and the other was for supply of specialised machinery for use of this technology. Under each of these agreements we had made advance payments of Euro 0.30 mn each. The total amount so paid was Euro 0.60 mn ( Rs 40.76 mn)
- OTC GmbH was not able to develop the desired technology and also failed to deliver the machinery within the stipulated time lines. Hence, we were forced to cancel the contracts and ask for the refund of the advances given. OTC GmbH was not in a position to refund the advances.
- On March 25, 2010, there was a rearrangement of rights of ownership and control between us and the joint venture partner, Gerd. Under this rearrangement we acquired the remaining 24% stake in TRI-K and in exchange we sold our entire stake of 60% in OTC GmbH to Gerd. Further, we had to forego the advances of Euro 0.6 mn which OTC GmbH was unable to pay.
- Hence, the total amount of Rs. 40.76 mn (Euro 0.60 mn) has been shown as an Advance Given written off in the Profit and Loss Account.



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**Interest and Finance Charges:**

The interest expense increased to Rs. 125.95 mn in Fiscal 2010 from Rs. 111.81 mn in Fiscal 2009, an increase of 12.6% y-o-y. The benefit of reduction in the overall cost of borrowing has been offset by increase in the aggregate level of borrowing, which has increased from Rs 1617.16 mn in Fiscal 2010 from Rs 1295.13 mn in Fiscal 2009. The increase in aggregate borrowing is mainly on account of investment made in creation of fixed assets in India and investments in overseas subsidiaries made during Fiscal 2010.

**Depreciation:**

Depreciation increased by 17.4% to Rs. 172.56 mn in Fiscal 2010 from Rs. 147.01 mn in Fiscal 2009. The increase was on account of depreciation for the full year on assets of Rs. 417.80 mn which were capitalised during Fiscal 2009.

**Tax:**

The total tax as a percentage to net profit before tax was 28.0% in Fiscal 2010 as compared to 16.7% in Fiscal 2009. This increase was due to the following factors:

- Lower tax benefit in EOU on account of higher DTA sales from EOU in Fiscal 2010 and
- Tax implication relating to foreign exchange fluctuation difference (gain) on external commercial borrowings.

**Net Profit after Tax**

The net profit after tax increased to Rs. 403.42 mn in Fiscal 2010 from Rs. 267.02 mn in Fiscal 2009, an increase of 51.1%. The increase was mainly due to lower cost of raw materials consumed in Fiscal 2010 compared to Fiscal 2009. Material cost in Fiscal 2009 was higher on account of volatile market conditions. Net profit as a percentage to Total Income was 6.8 % in Fiscal 2010 as compared to 4.7% in Fiscal 2009.

**Comparison of financials of Fiscal 2009 with Fiscal 2008****Total Sales:**

Our total sales increased to Rs. 5,560.19 mn in Fiscal 2009 as against Rs. 3,821.10 mn in Fiscal 2008, registering a growth of 45.5% y-o-y. We registered a volume growth of 12.3% and selling price growth of 33.2% which aggregated to 45.5% growth.

The exports sales increased to Rs. 3048.51 mn in Fiscal 2009 from Rs. 2,171.90 mn in Fiscal 2008 registering a growth of 40.4 % y-o-y. During the same period domestic sales increased to Rs. 2,511.68 mn from Rs. 1,649.20 mn registering a growth of 52.3% y-o-y.

The share of domestic sales in total sales increased to 45.2% in Fiscal 2009 from 43.2% in Fiscal 2008. There was reciprocal decline in the share of exports in the total sales for the said period.

**Other Income:**

Other income for Fiscal 2009 was lower at Rs. 34.13 mn as compared to Rs. 46.07 mn in Fiscal 2008. The main reason for the same was exchange gain of Rs 38.66 mn in Fiscal 2008 which was partially offset by cash discount of Rs. 8.39 mn earned on early payment to suppliers and compensation of Rs 17.00 mn received from a customer in Fiscal 2009.

**Material consumed:**

The material cost as a percentage to total income was 74.5% in Fiscal 2009 as against 70.0% in Fiscal 2008. The material cost was higher in Fiscal 2009 on account of higher volatility in the raw material prices globally.

**Staff cost**

The staff cost in Fiscal 2009 was Rs. 235.15 mn as compared to Rs. 181.62 mn in Fiscal 2008, an increase of 29.5% y-o-y. This increase was mainly due to annual increment in salaries, fresh recruitments and alteration made in compensation.



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***Other manufacturing expenses***

Other manufacturing expenses increased to Rs.255.68 mn in Fiscal 2009 from Rs.216.25 mn in Fiscal 2008, an increase of 18.2% y-o-y. The same is on account of increase in power and fuel costs which increased to Rs. 162.61 mn in Fiscal 2009 from Rs. 121.31 mn in Fiscal 2008, an increase of 34.0% y-o-y.

***Administrative expenses***

The administrative expenses increased to Rs. 135.72 mn in Fiscal 2009 from Rs. 104.41 mn in Fiscal 2008, an increase of 30.0% y-o-y. The rise is mainly on account of increase in repair and travel expenses.

***Selling expenses:***

The selling expenses increased to Rs. 145.51 mn in Fiscal 2009 from Rs. 105.60 mn in Fiscal 2008, an increase of 37.8% y-o-y. The same is mainly on account of increase in freight and forwarding expenses and discounts and commission offered during the period.

***Interest and Finance Charges:***

The interest expense increased to Rs. 111.81 mn in Fiscal 2009 from Rs. 83.66 mn in Fiscal 2008 an increase of 33.6% y-o-y. This increase was mainly on account of increase in the borrowing levels primarily attributable to the growth in sales in value terms and the resultant increase in working capital borrowing which increased to Rs. 625.96 mn in Fiscal 2009 from Rs. 384.46 mn in Fiscal 2008. The cost of borrowing the funds was also higher.

***Depreciation:***

Depreciation increased by 22.1% to Rs. 147.01 mn in Fiscal 2009 from Rs. 120.37 mn in Fiscal 2008. The increase was on account of full depreciation on assets of Rs. 287.59 mn capitalised during Fiscal 2008.

***Tax:***

The total tax as a percentage to net profit before tax was 16.7 % in Fiscal 2009 as compared to 21.7% in Fiscal 2008. The total tax as a percentage to net profit before tax is lower in Fiscal 2009 as compared to that in Fiscal 2008 on account of tax treatment for foreign exchange fluctuation loss on external commercial borrowings in Fiscal 2009.

***Net Profit after Tax:***

Net profit after tax increased to Rs. 267.02 mn in Fiscal 2009 from Rs. 261.79 mn in Fiscal 2008. Net profit as a percentage of total income declined to 4.7% in Fiscal 2009 from 6.7% in Fiscal 2008, due to the impact of volatility in foreign currency markets which resulted in foreign exchange fluctuation loss and volatility in feedstock prices which increased the cost of materials consumed.

**Comparison of financials of Fiscal 2008 with Fiscal 2007*****Total Sales:***

Our total sales increased to Rs.3,821.10 mn in Fiscal 2008 as against Rs. 3,227.09 mn in Fiscal 2007, registering a growth of 18.4% y-o-y. We registered a volume growth of 13.3% and selling price growth of 5.1% which aggregated to 18.4% growth.

The export sales increased to Rs. 2171.90 mn in Fiscal 2008 from Rs. 1721.04 mn in Fiscal 2007 registering a growth of 26.2% y-o-y. During the same period domestic sales increased to Rs. 1,649.20 mn from Rs. 1,506.05 mn registering a growth of 9.5% y-o-y.

The share of export sales in total sales increased to 56.8% in Fiscal 2008 from 53.3% in Fiscal 2007. There was reciprocal decline in the share of domestic sales in the total sales.

***Other Income:***

Other income for Fiscal 2008 was Rs. 46.07 mn as against Rs. 3.41 mn in Fiscal 2007. Reasons for the same were as follows:

- In Fiscal 2008 there was an exchange gain of Rs. 38.66 mn due to appreciation of the rupee .
- Realisation from sale of scrap was higher at Rs. 4.00 mn in Fiscal 2008 as against Rs. 1.65 mn in Fiscal 2007.

***Material Consumed:***

The material cost as a percentage to total income was 70.0% in Fiscal 2008 as compared to 68.8% in Fiscal 2007. The increase is attributable to sales mix, rising feedstock prices and relative rupee appreciation affecting price realizations.

***Staff cost***

The staff cost in Fiscal 2008 was Rs. 181.62 mn as compared to Rs. 153.33 mn in Fiscal 2007, an increase of 18.5% y-o-y. This increase was mainly due to annual increment in salaries and fresh recruitments for the marketing and sales team.

***Other manufacturing expenses***

Other manufacturing expenses increased to Rs.216.25 mn in Fiscal 2008 from Rs.182.68 mn in Fiscal 2007, an increase of 18.4% y-o-y. The same is on account of increase in repairs to plant and machinery and power and fuel cost.

***Administrative expenses***

The administrative expenses increased to Rs. 104.41 mn in Fiscal 2008 from Rs. 84.66 mn in Fiscal 2007 an increase of 23.3% y-o-y. The increase is mainly on account of increase in repair cost of administrative assets, increase in legal and professional fees.

***Selling expenses:***

The selling expenses increased to Rs. 105.60 mn in Fiscal 2008 from Rs. 104.43 mn in Fiscal 2007. The increase was mainly on account of increase in freight and forwarding expenses and discount and commission expenses.

***Interest and Finance Charges:***

The interest expense increased to Rs. 83.66 mn in Fiscal 2008 from Rs. 70.48 mn in 2007 an increase of 18.7% y-o-y. The increase was due to increase in aggregate borrowing to Rs 1018.11 mn in Fiscal 2008 as against Rs 948.08 mn in Fiscal 2007. The cost of borrowing was also higher.

***Depreciation:***

Depreciation increased by 8.6% to Rs. 120.37 mn in Fiscal 2008 from Rs. 110.88 mn in Fiscal 2007. The increase was on account of full depreciation on assets of Rs. 34.49 mn capitalised during Fiscal 2007 and assets capitalised during Fiscal 2008.

***Tax:***

The total tax as a percentage to net profit before tax was 21.7 % in Fiscal 2008 as compared to 19.2% in Fiscal 2007. The total tax as a percentage to net profit before tax was higher in Fiscal 2008 as compared to Fiscal 2007 on account of reversal of tax provision for earlier year in Fiscal 2007.

***Net Profit after Tax:***

Net profit after tax increased to Rs. 261.79 mn in Fiscal 2008 from Rs. 255.25 mn in Fiscal 2007. Net profit as a percentage of total income declined to 6.7% in Fiscal 2008 from 7.7% in Fiscal 2007, due to increase in raw material cost.

**Liquidity and Capital Resources**

Our primary liquidity requirements are to finance our working capital needs and our capital expenditures. To fund these needs, we have relied on short-term and long-term borrowings, including working capital financing, term loans and cash flows from operating activities. As at March 31, 2010 we had cash and cash equivalents of Rs. 111.21 mn.

For details, please refer to chapters titled “Financial Indebtedness” and “Objects of the Issue” on pages 245 and 72, respectively, of the Draft Red Herring Prospectus.

The table below gives the sources from which the Company has generated cash during Fiscal 2008 to Fiscal 2010 and how it has used the same.

(Rs in mn)				
	Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010
<b>A</b>	<b>Cash Flow from Operating Activities:</b>			
	Net Profit before tax, Extraordinary items	334.29	320.41	560.09
	Adjustments for:			
	Depreciation	120.37	147.01	172.56
	Interest Paid	85.49	172.59	124.73
	Loss on Sale of Assets	17.58	6.95	0.41
	Interest Income	(1.03)	(0.89)	(6.55)
	Dividend Income	(0.04)	(0.05)	(0.09)
	Operating Profit before Working Capital changes	556.66	646.02	851.15
	Working Capital changes			
	(Increase)/ Decrease in Trade & Other Receivables	(138.78)	(149.45)	93.04
	(Increase)/ Decrease in Other Advances	(29.36)	(121.57)	(50.81)
	(Increase)/ Decrease in Inventories	(81.54)	(64.01)	2.14
	Increase/ (Decrease) in Current Liabilities & Other Liabilities	96.32	187.37	125.27
	Cash generated from Operations	403.30	498.36	1,020.79
	Income Taxes paid (Net)	(58.88)	(70.68)	(108.92)
	Net Cash Flow from Operating Activities (a)	344.42	427.68	911.87
<b>B</b>	<b>Cash Flow from Investing Activities:</b>			
	Capital Expenditure	(273.64)	(458.18)	(608.54)
	Sale of Fixed Assets	0.76	0.50	0.69
	Investments in Subsidiaries	-	(0.10)	(423.59)
	Other Investments	-	-	(0.03)
	Interest received	1.03	0.89	6.55
	Dividend Income	0.04	0.05	0.09
	Net Cash used in Investing Activities (b)	(271.81)	(456.84)	(1,024.83)
<b>C</b>	<b>Cash Flow from Financing Activities:</b>			
	Issue of Equity Shares	-	-	66.00
	Net Secured Borrowings	280.17	261.26	216.82
	Fixed Deposits	7.10	16.12	105.17
	Receipt/ (Repayment) of Loans from Directors	0.44	(1.59)	(5.94)
	Loan from others	(216.01)	3.33	12.72
	Interest Paid	(85.49)	(172.59)	(124.73)
	Sales Tax Deferrals / MIDC Incentives	(1.69)	(2.10)	(6.74)
	Foreign Currency Translation Difference	-	0.96	1.87
	Equity Dividend & Dividend Tax thereof	(35.06)	(50.10)	(100.19)
	Net Cash Flow from Financing Activities (c )	(50.54)	55.29	164.98
	Net Increase / (Decrease) in Cash and Cash Equivalents (a+b+c)	22.07	26.13	52.02
	Cash and Cash Equivalents as at the beginning of the year	10.99	33.06	59.19
	Cash and Cash Equivalents as at the end of the year	33.06	59.19	111.21
	Net Increase / (Decrease) in Cash and Cash Equivalents	22.07	26.13	52.02

The table above gives each element of the cash flow during the Fiscal 2008, 2009 and 2010. The main aspects of cash generation and application during the three year period Fiscal 2008 to Fiscal 2010 are given below:

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**Net Cash flow from Operating Activities**

We had positive cash generation from operations during all the three Fiscal 2008 to Fiscal 2010. The net aggregate cash generation from operations during this period is Rs. 1683.97 mn. It has increased to Rs. 911.87 mn in Fiscal 2010 from Rs. 344.42 mn in Fiscal 2008.

**Net Cash used in Investing Activities**

During Fiscal 2008 to Fiscal 2010, total cash invested in creating fixed assets is Rs. 1340.36 mn. It increased to Rs. 608.54 mn in Fiscal 2010 from Rs. 273.64 mn in Fiscal 2008.

We have invested a substantial sum of Rs. 423.59 mn in our subsidiaries during Fiscal 2010.

**Net Cash used in Financing Activities**

The aggregate net secured borrowings during Fiscal 2008 to Fiscal 2010 are Rs. 758.25 mn and the incremental cash flow from fixed deposits is Rs. 128.39 mn during the same period.

We have consistently paid dividend during Fiscal 2008, Fiscal 2009 and Fiscal 2010. The total payout during this period including dividend distribution tax is Rs. 185.35 mn. The interim dividend payout in Fiscal 2010 on pre-bonus equity (before 1:1 bonus issue) is Rs. 5 per share against Rs. 5 paid as total dividend during each of the Fiscals 2008 and 2009.

During all the three years there has been net accrual of cash and cash equivalents as given in the above table.

**Information as per Schedule VIII Part A section IX (E) (5) of the ICDR Regulations****Unusual or Infrequent Events or Transactions**

Except as described in the Draft Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as “unusual” or infrequent”.

**Significant economic changes**

Other than as described in the Draft Red Herring Prospectus, particularly in the section titled “Risk Factors” and chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 13 and 249 respectively, of the Draft Red Herring Prospectus, we do not believe that there are any other significant economic changes that materially affected or are likely to affect income from continuing operations

**Known Trends or Uncertainties**

Other than as described in the Draft Red Herring Prospectus, particularly in the section titled “Risk Factors” and chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 13 and 249 respectively, of the Draft Red Herring Prospectus, to our knowledge, there are no trends or uncertainties that have had or are expected to have a material adverse impact on our sales, revenues or income from continuing operations.

**Future Relationship between Costs and Revenues**

Other than as described in this chapter and section titled “Risk Factors” and chapter titled “Our Business” on pages 13 and 108, respectively, of the Draft Red Herring Prospectus, to our knowledge, there are no known factors which may affect the future relationship between costs and revenues and have a material adverse impact on our operations and finances.

**The extent to which material increases in net sales or revenue are due to increased sale volumes, introduction of new products or services or increased sales prices**

Except as mentioned in this chapter and section titled “Risk Factors” and chapter titled “Our Business” on pages 13 and 108, respectively, there is no material increase in total sales due to increased sales volume, introduction of new products or increased sales prices.

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Total turnover of each major industry segment in which the Company operates

We operate only in one segment that is Specialty Chemicals which are ingredients for the Personal and Home Care Industry

The total turnover of the industry is described in the chapter titled “*Our Industry*” on page 101 of the Draft Red Herring Prospectus.

Status of any publicly announced new products or business segment

The status of any publicly announced new products or business segment is as disclosed in this chapter and the chapter titled “*Our Business*” on page 108 of the Draft Red Herring Prospectus.

Seasonality of Business

There are no material seasonal or cyclical trends in our business

Significant Dependence on a Single or Few Customers

We are significantly dependent on a few major customers. Our top ten customers contributed 70.16% of our total sales in Fiscal 2009 and 66.71% in Fiscal 2010.

We are solely dependent on one supplier for one of our raw materials. This raw material constituted 15.52% of total raw material purchases in Fiscal 2010.

For further details, please refer to the section titled “*Risk Factors*” and chapter titled “*Our Business*” on pages 13 and 108, respectively, of the Draft Red Herring Prospectus.

Competitive Conditions

For details regarding our competitive conditions and our competitors, please refer to the section titled “*Risk Factors*” and chapter titled “*Our Business*” on pages 13 and 108 respectively, of the Draft Red Herring Prospectus.

## SECTION VI - LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions and statutory or legal proceedings against our Company, our Subsidiaries, our Directors, our Promoters, Promoter Group or Group Entities before any judicial, quasi-judicial, arbitral or administrative tribunals or any disputes, tax liabilities, non payment of statutory dues, over dues to banks / financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/civil/ any other offences (including past cases where penalties may or may not have been imposed and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Act) against our Company, our Directors, our Promoters and our Group Entities. Unless stated to the contrary, the information provided below is as of the date of the Draft Red Herring Prospectus. Except as described below, there are no proceedings initiated for economic offences or civil offences, or any disciplinary action taken by SEBI or any stock exchange, penalties imposed by any authorities against our Company and our Directors and no adverse findings, in respect of our Company as regards compliance with securities laws.

Further, except as stated herein, there are no past cases in which penalties have been imposed on our Company, our Subsidiaries, our Promoters, Directors, our Group Entities in the last five years and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the financial position of our Company. Neither our Company nor our Promoters and our Group Entities have been declared as wilful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section, there are no violations of securities laws committed by them in the past or pending against them.

This chapter has been divided into nine (9) parts:

- I. Contingent Liability
- II. Outstanding litigations involving our Company
- III. Outstanding litigations involving our Directors
- IV. Outstanding litigations involving our Promoters
- V. Outstanding litigations involving our Group Entities
- VI. Outstanding litigations involving our Subsidiaries
- VII. Penalties imposed in past cases for the last five years
  - (a) Our Company
  - (b) Our Directors and Promoters
  - (c) Our Group Entities
  - (d) Our Subsidiaries
- VIII. Amounts owed to small scale undertakings
- IX. Material Developments

#### Summary of Pending Litigation

(Rs. in mn)

Type of Proceedings	Cases filed against		Cases filed by	
	Number of Cases	Amount involved (to the extent quantifiable)	Number of Cases	Amount involved (to the extent quantifiable)
<b>OUR COMPANY</b>				
Criminal Cases (Labour)	1	Not quantifiable	-	-
Motor Accident Cases	1	0.75	-	-
Income Tax Cases	3	55.93*	2	30.12*
Excise Cases	4	15.52	2	13.39
Service Tax Cases	7	1.53	-	-
Civil Cases	4	Not quantifiable	2	Not quantifiable
Potential litigations (Income Tax Cases)	2	Not quantifiable	-	-
<b>OUR PROMOTERS</b>				

Type of Proceedings	Cases filed against		Cases filed by	
	Number of Cases	Amount involved (to the extent quantifiable)	Number of Cases	Amount involved (to the extent quantifiable)
Criminal Cases (Labour)	1	Not quantifiable	-	-
Civil Cases (Labour)	-	-	1	Not quantifiable
<b>OUR DIRECTORS</b>				
Criminal Cases (Labour)	1	Not quantifiable	-	-
Civil Cases (Labour)	-	-	1	Not quantifiable
<b>OUR GROUP ENTITIES</b>				
Income Tax Cases (M/s. Galaxy Chemicals)	2	3.79	-	-
<b>TOTAL</b>	<b>26</b>	<b>77.52</b>	<b>8</b>	<b>43.51</b>

\* Based on the demand notices received from the income tax authorities

## I. Contingent liabilities

As on March 31, 2010, contingent liabilities not provided for were as follows:

Sr.No.	Particulars	Rs in mn
1.	Counter guarantees given to Banks	16.25
2.	Corporate guarantees given to bank on behalf of a subsidiary	22.45
3.	Disputed Excise Duty Demand	0.12
	<b>Total</b>	<b>38.82</b>

## II. Outstanding litigations involving our Company

### A. Cases filed against our Company:

#### 1. CRIMINAL CASES

- (a) *Criminal Complaint number 618 of 2003 ("Criminal Complaint") filed by State Government through Government Labour Officer and Inspector ("Complainant") against our Company ("Accused number 1"), Mr. Unnathan Shekhar ("Accused number 2"), Mr. Gopalkrishnan Ramakrishnan ("Accused number 3"), Mr. Sudhir Patil ("Accused number 4") and Mr. Shashikant Shanbhag ("Accused number 5") before the Court of Judicial Magistrate First Class, Panvel.*

The Complainant has filed a Criminal Complaint before the Court of Judicial Magistrate First Class, Panvel under Maharashtra Workmen's House Rent Allowance Act, 1983. The Complainant has filed the Criminal Complaint on the alleged grounds that (i) the management has not been paying the House Rent Allowance to the workmen; (ii) the management has not maintained a register of workmen, (iii) the management has not maintained a register of house rent allowance in Form 'A' and (iv) the management has not maintained a visitors book thus contravening the provisions of Maharashtra Workmen's House Rent Allowance Act, 1983 and the rules framed thereunder.

The Complainant had inspected the Factory premises of the Accused number 1 and issued the Inspection Report alleging shortcomings on the part of the Accused number 1 *vis-à-vis* the grounds mentioned hereinabove. Subsequently, the Complainant has also issued a Show Cause Notice bearing number 3473 dated September 11, 2002, whereby the Accused number 1 has been asked to justify why a penal action should not be taken under the Maharashtra Workmen's House Rent Allowance Act, 1983 for non compliance of the Inspection Report. The Accused number 1 has filed a reply to the Inspection Report and the Show Cause Notice stating that the workers working in the factory of the Accused number 1 are employed by the contractors and that they have maintained a wages register for the workmen employed by them indicating the name of the worker, wages earned by them including the house rent allowance paid to each worker. Further, the Accused number 1 states that a visitor's book is also maintained in the factory and therefore has not contravened the provisions of Maharashtra Workmen's House Rent Allowance Act, 1983 and the rules framed thereunder;

Subsequently, the summons dated September 16, 2003 has been issued on Accused number 2 to 5 to appear before the Judicial Magistrate First Class. However, Accused number 2 to 5 have filed a writ petition before the High Court of Judicature at Bombay praying for an order directing the stay of the aforesaid criminal proceedings.

The matter is pending before the Judicial Magistrate First Class, Panvel.

## **2. MOTOR ACCIDENT CASES:**

- (a) *Claim application number 78 / 2010 ("claim application") filed by Ms. Vandana Arun Tare, Mr. Kapil Arun Tare, Mr. Swapnil Arun Tare, Ms. Vithabai Pandurang Tare ("the Applicants") against our Company ("Opponent number 1") and IFFCO TOKIO General Insurance Company Limited ("Opponent number 2") before the Motor Accident Claims Tribunal, Palghar.*

The applicant has filed an application before the Motor Accident Claims Tribunal, Palghar under Section 166 of Motor Vehicles Act, 1988 for grant of just, fair, proper and reasonable compensation on the alleged ground that the accident occurred on account of gross negligence of the driver of the vehicle belonging to Opponent number 1, resulting into the death of Mr. Arun Pandurang Tare (*"the Deceased"*)

The applicants have alleged that the vehicle belonging to Opponent number 1 was driven in a rash and negligent manner which caused an accident, due to which the Deceased suffered head injuries, resulting into his death.

The applicant has *inter alia* prayed for (i) claiming compensation of Rs. 750,000/- or a compensation which the Hon'ble Court Tribunal may consider just, fit and proper by way of compensation towards general and special damages under "fault based" and "fault less" liability under Section 166 and 140 of the Motor Vehicles Act; (ii) interest @ 12 % per annum on the amount of the award from the date of the application till its realization.

The matter is pending before the Motor Accident Claims Tribunal, Palghar.

## **3. INCOME TAX CASES:**

### **Assessment Year 2003-04**

- (a) *Appeal number 213 of 2009 filed by the Commissioner of Income Tax (the "Appellant") against our Company (the "Respondent") before the High Court of Judicature at Bombay.*

The Appellant has filed an appeal (the "Appeal") dated January 27, 2009 before the High Court of Judicature at Bombay (the "High Court") under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal ("ITAT") dated September 19, 2008.

The dispute raised before the ITAT was in regard to the disallowance of claim of payment of royalty made for the use of trademark of M/s. Galaxy Chemicals of Rs. 12,969,510/- to which the ITAT upheld the order of the Commissioner of Income Tax (Appeals) ("CIT(A)"). The CIT(A) in its order deleted the disallowance made by the Assessing Officer.

Further, it was contended in the appeal before the ITAT that the Assessing Officer while computing deduction under Section 80HHC of the Income Tax Act, 1961 included excise duty and sales tax as part of the turnover. However, ITAT upheld the order of the Commissioner of Income Tax (Appeals) thus deleting the addition made by the Assessing Officer.

The Appellant has filed the Appeal, *inter alia*, on the alleged grounds that the ITAT has erred in allowing the Appeal pertaining to action of Commissioner of Income Tax (Appeals) in deleting the addition of Rs. 12,969,510/- made by the Assessing Officer on account of disallowance of royalty paid to M/s Galaxy Chemicals.

The Appellant has *inter alia* prayed (i) to quash and set aside the impugned Order dated September 19, 2008 of the ITAT; and (ii) to stay the impugned Order of the ITAT until the pending hearing and final disposal of the Appeal.

The matter is pending before the High Court of Judicature at Bombay.



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**Assessment Year 2004-05**

- (a) ***Appeal number 476 of 2010 filed by the Commissioner of Income Tax (the “Appellant”) against our Company (the “Respondent”) before the High Court of Judicature at Bombay.***

The Appellant has filed an appeal (the “Appeal”) dated February 25, 2010 before the High Court of Judicature at Bombay (the “High Court”) under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal (“ITAT”) dated September 22, 2009. The ITAT *vide* its order dated September 22, 2009 dismissed the appeal of the Appellant contending that the payment of royalty to M/s. Galaxy Chemicals for the use of its trade mark was genuine and according to the business needs. Further, it also upheld the decision of the Commissioner of Income Tax (Appeals) for deleting the additions made by the Assessing Officer pertaining to the commission paid in excess of 5% of the sales.

The Appellant has filed the appeal, *inter alia*, on the alleged grounds that (i) the ITAT erred in deleting the addition made by the Assessing Officer towards royalty payment of Rs. 16,275,111/- ; (ii) the ITAT erred in deleting the addition of Rs. 2,380,600/- being payment made towards commission; (iii) the ITAT failed to appreciate that the payment of royalty was only a self-serving arrangement to pass on substantial financial benefits to the sister concern of the Respondent; (iv) the ITAT failed to appreciate that no benefit was derived by using the trade-mark for which the alleged payment of royalty was made by the Respondent; (v) the ITAT failed to appreciate that the addition of Rs. 2,380,600/- towards commission represented the commission paid by the Respondent in excess of the agreed commission payable as stipulated in the agreement.

The Appellant has *inter alia* prayed (i) to quash and set aside the impugned Order dated September 22, 2009 of the ITAT; (ii) to stay the impugned Order of the ITAT until the pending hearing and final disposal of the Appeal.

The matter is pending before the High Court of Judicature at Bombay.

**Assessment Year 2005-06**

- (a) ***Appeal number 477 of 2010 filed by the Commissioner of Income Tax (the “Appellant”) against our Company (the “Respondent”) before the High Court of Judicature at Bombay.***

The Appellant has filed an appeal (the “Appeal”) dated February 25, 2010 before the High Court of Judicature at Bombay (the “High Court”) under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal (“ITAT”) dated September 22, 2009. The ITAT *vide* its order dated September 22, 2009 concluded that it does not find any justification in the action of the revenue authorities in denying set off of loss of EOU units against profits of other units as claimed by the Respondent and allowed the appeal of the Respondent.

An Assessment Order was passed under Section 143 of the Income Tax Act, 1961, wherein the Assessing Officer disallowed the claim of royalty payment by treating it as a self serving arrangement to pass on substantial financial benefit to the sister concern of the Respondent. The Assessing Officer disallowed deduction of Rs. 56,577,087/- claimed by the Respondent under Section 10B of the Income Tax Act, 1961, in respect of its EOU and set-off against other business units. The Commissioner of Income Tax confirmed the order of the Assessing Officer on disallowance, whereas the ITAT in the appeal made by the Respondent allowed its appeal.

The Appellant has filed the Appeal, *inter alia*, on the alleged grounds that the (i) the ITAT erred in deleting the addition made by the Assessing Officer towards royalty payment of Rs. 20,677,545/- (ii) the ITAT erred in allowing deduction of Rs. 56,577,087/- claimed by the Respondent under Section 10B of the Income Tax Act in respect of its EOU and thereby allowing set-off against other business units; (iii) the ITAT failed to appreciate that the payment of royalty was only a self-serving arrangement to pass on substantial financial benefits to the sister concern of the Respondent; and (iv) the ITAT failed to appreciate that no benefit was derived by using the trade mark for which the alleged payment of royalty was made by the Respondent.

The Appellant has *inter alia* prayed (i) to quash and set aside the impugned order dated September 22, 2009 of the ITAT; (ii) to stay the impugned Order of the ITAT until the pending hearing and final disposal of the Appeal.

The matter is pending before the High Court of Judicature at Bombay.

#### 4. EXCISE CASES:

- (a) ***Show Cause cum Demand Notice (“Show Cause Notice”) bearing number F. No. C. Ex. /R. 8/Dn.X/SCN/Galary/96/607A issued by the Superintendent of Central Excise, Boisar - I to our Company (the “Noticee”).***

A Show Cause Notice, dated May 14, 1996, bearing number F. No. C. Ex. /R. 8/Dn.X/SCN/Galary/96/607A, was issued by the Superintendent of Central Excise to the Noticee under the provisions of the Central Excise Act, 1944 and the Rules made there under, whereby, the Noticee has been asked to justify that why (i) the MODVAT credit availed amounting to Rs. 2,250,887/- should not be demanded and recovered under Rule 57-I of Central Excise Rules, 1944 read with the provisions of Section 11A of the Central Excise and Salt Act, 1944 and (ii) penalty under Rule 173(1) of the Central Excise Rules, 1944 should not be imposed on the Noticee.

However, the Additional Commissioner *vide* its order dated October 31, 1996 sanctioned the refund of Rs. 2,250,887/- subject to the condition that the Noticee will reverse MODVAT credit and produce evidence to that effect. Further, the order stated that the unjust enrichment can be decided after the Noticee reverses MODVAT credit and submits the required documents.

The matter is pending before the Additional Commissioner of Central Excise.

- (b) ***Show Cause cum Demand Notice (“Show Cause Notice”) bearing number F. No. v/Adj (SCN) 15-60/JC/08-09/Bel issued by the Commissioner of Central Excise, Belapur to our Company (the “Noticee”).***

A Show Cause Notice, dated December 05, 2008, bearing number F. No. v/Adj(SCN).15-60/JC/08-09/Bel, was issued by the Commissioner of Central Excise, Belapur to the Noticee under the provisions of Customs Act, 1962 and the rules made there under, whereby, the Noticee has been asked to justify why (a) an amount of Rs. 931,554/-, being the duty involved on 49,500 kilogrammes of HDPE granules received without payment of customs duty, should not be demanded and recovered under Section 28(1) of the Customs Act, 1962 and (b) interest at appropriate rate should not be levied under Section 28 AB of the Customs Act, 1962.

The Noticee, *vide* its correspondence dated February 17, 2009, has replied to the aforesaid Show Cause Notice contending that, EOU is allowed, under the notification governing the EOU Scheme, to import duty free goods used in connection with packaging for export of goods. Further, the Noticee has stated that, HDPE granules, used for processing of HDPE drums in which the finished goods are packed, is eligible for duty free import under Notification No. 52/2003 dated March 31, 2003.

Further, the Noticee has, *inter-alia*, prayed that the above mentioned Show Cause Notice demanding Rs. 931,554/- under Section 28(1) of the Customs Act, 1962 and interest thereon under Section 28 AB of the Customs Act, 1962, be withdrawn.

The matter is pending before the Joint Commissioner of Excise and Customs.

- (c) ***Show Cause cum Demand Notice (“Show Cause Notice”) bearing number F. No. v/Adj (SCN).15-15/Commr/09-10/Bel/296 issued by the Commissioner of Central Excise, Belapur to our Company (the “Noticee”).***

A Show Cause Notice, dated June 18, 2009, bearing number F. No. v/Adj(SCN).15-15/Commr/09-10/Bel/296, was issued by the Commissioner of Central Excise, Belapur to the Noticee under the provisions of Central Excise Act, 1944 and the rules made there under, whereby, the Noticee has been asked to justify why (a) Education Cess and Higher Secondary Education Cess aggregating to Rs. 8,541,121/- should not be demanded and recovered under Section 11A of the Central Excise Act, 1944; (b) penalty should not be imposed under Section 11AC of the Central Excise Act, 1944 read with Rule 25 of the Central Excise Rules, 2002; (c) interest should not be recovered under Section 11AB of the Central Excise Act, 1944 and (d) the amount of Rs. 6,439,910/- already paid, should not be appropriated and adjusted against the amount demanded under Section 11A of the Central Excise Act, 1944.

The Noticee, *vide* its correspondence dated August 14, 2009, has replied to the Show Cause Notice contending that, the Education Cess as demanded under the Show Cause Notice has been taken into account while calculating the aggregate of custom duties and since the original demand is not sustainable, interest cannot be levied under Section 11AB of the Central Excise Act, 1944. The Noticee has further stated that it does not fulfil any conditions mentioned under Section 11AC of the Central Excise Act, 1944 and has not violated provisions of Rule 25 of the Central Excise

Rules, 2002 and therefore the proposal to impose penalty, as mentioned in the Show Cause Notice, is not sustainable.

Further, the Noticee has, *inter-alia*, prayed that (i) the proceedings initiated in the Show Cause Notice be dropped and (ii) refund amounting to Rs. 6,439,910/-, paid by the Noticee under protest, be granted to the Noticee.

The matter is pending before the Commissioner of Excise and Customs, Belapur.

**(d) *Show Cause cum Demand Notice (“Show Cause Notice”) bearing number F. No-V/Adj (SCN)/15-89/JC/2009-10/Bel issued by the Commissioner of Central Excise, Belapur to our Company (the “Noticee”).***

A Show Cause Notice, dated February 01, 2010, bearing number F. No.-V / Adj (SCN)/15-89/JC/2009-10/Bel, was issued by the Commissioner of Central Excise, Belapur to the Noticee under the provisions of Excise Act, 1944 and the rules made there under, whereby, the Noticee has been asked to justify why (a) Education Cess and Higher Secondary Education Cess amounting to Rs. 3,802,243/- should not be demanded and recovered under the provisions of Section 11A(1) of the Central Excise Act, 1944 (b) penalty should not be imposed under Section 11AC of the Central Excise Act, 1944 and Rule 25 of the Central Excise Rules, 2002 and (c) interest at the applicable rates and as applicable, in force, under Section 11AB of the Central Excise Act, 1944 should not be recovered.

The Noticee, *vide* its correspondence dated April 12, 2010, has replied to the Show Cause Notice contending that, the Education Cess as demanded under the Show Cause Notice has been taken into account while calculating the aggregate of custom duties and since the original demand is not sustainable, interest cannot be levied under Section 11AB of the Central Excise Act, 1944. The Noticee has further stated that it does not fulfil any conditions mentioned under Section 11AC of the Central Excise Act, 1944 and has not violated provisions of Rule 25 of the Central Excise Rules, 2002 and therefore the proposal to impose penalty, as mentioned in the Show Cause Notice, is not sustainable. Further, the Noticee has, *inter-alia*, prayed that the proceedings initiated in the Show Cause Notice be dropped.

The matter is pending before the Commissioner of Excise and Customs, Belapur.

**5. SERVICE TAX:**

**(a) *Show Cause Notice for revision of Order-in-Original (“Show Cause Notice”) bearing number F. No. V (Trb.Cell) Refund / 14 / Galaxy / 09-10 issued by the Commissioner of Central Excise, Belapur to our Company (the “Noticee”).***

A Show Cause Notice, dated September 24, 2009, bearing number F. No. V (Trb. Cell) Refund / 14 / Galaxy / 09-10, was issued by the Assistant Commissioner of Central Excise, Belapur to the Noticee under the provisions of Section 84 of the Finance Act, 1994, for revision of Order-in Original dated June 24, 2009 bearing number R-929 to 935/09-10 passed by the Assistant Commissioner of Central Excise sanctioning the total refund of Rs. 627,488/- in respect of refund of eight (8) separate claims, for the period October-December, 2008. However, the Commissioner of Central Excise issued Show Cause notice in respect of claim amount of Rs. 247,176.47/- .

The Noticee *vide* the Show Cause Notice dated September 24, 2009, has been asked to justify, why an amount of Rs. 247,176.47/- sanctioned and granted *vide* the Order-in-Original, should not be recovered along with the interest under Section 73(1) of the Finance Act, 1994.

The Show Cause Notice has been issued on the alleged ground that the terminal handling charges, bill of landing charges, documentation charges and surrender charges are not services specified for exemption under Notification 41/2007 ST dated October 06, 2007 and therefore the claim of Rs. 247,176.47/- of service tax paid on these services is not admissible. The Noticee, *vide* its correspondence dated February 17, 2010, has replied to the aforesaid Show Cause Notice contending that, the terminal handling charges, bill of landing charges, documentation charges and surrender charges have been paid while making the payment to the service providers and that the Noticee has used the said services in the export of their goods and the said services are eligible for refund of service tax under the aforementioned notification.

Further, the Noticee has, *inter alia*, prayed to drop the proceedings initiated by the above mentioned Show Cause Notice.

The matter is pending before the Commissioner of Central Excise.

- (b) **Show Cause cum Demand Notice (“Show Cause Notice”) bearing number F. No. V. (Ch.29)18-84 to 98/Bsr-1/09/26 issued by the Assistant Commissioner of Central Excise, Boisar-I to our Company (the “Noticee”).**

A Show Cause Notice, dated January 05, 2010, bearing number F. No. V. (Ch.29)18-84 to 98/Bsr-1/09/26 was issued by the Assistant Commissioner of Central Excise, Boisar to the Noticee, whereby, the Noticee has been asked to justify why (a) the exemption under Notification No. 41/ 2007 – ST dated October 06, 2007 as amended claimed by the Noticee towards the Service Tax paid on various services should not be denied and the refund claim amounting to Rs. 581,021/- should not be rejected (b) the refund claim amounting to Rs. 48,922/- should not be denied and rejected on the ground of it being time barred and (c) the refund amounting to Rs. 5,776/- claimed excess should not be denied and rejected.

The matter is pending for filing a reply to the Show Cause Notice before the Commissioner of Central Excise

- (c) **Show Cause cum Demand Notice (“Show Cause Notice”) bearing number F. No. V. (Ch.29)18-99 to 104/Bsr-1/09/27 issued by the Assistant Commissioner of Central Excise, Boisar-I to our Company (the “Noticee”).**

A Show Cause Notice, dated January 17, 2010, bearing number F. No. V. (Ch.29)18-99 to 104/Bsr-1/09/27 was issued by the Assistant Commissioner of Central Excise, Boisar to the Noticee, whereby, the Noticee has been asked to justify why (i) the exemption under Notification No. 41/ 2007 – ST dated October 06, 2007 as amended claimed by the Noticee towards the Service Tax paid on various services should not be denied and the refund claim amounting to Rs. 447,485/- should not be rejected (ii) the refund claim amounting to Rs. 28,191/- should not be denied and rejected on the ground of it being time barred and (iii) the refund amounting to Rs. 460/- claimed excess should not be denied and rejected.

The matter is pending for filing a reply to the Show Cause Notice before the Commissioner of Central Excise

- (d) **Show Cause cum Demand Notice (“Show Cause Notice”) bearing number F. No. V. (Ch.29)18-105,106,107,108/Bsr-1/09/25 issued by the Assistant Commissioner of Central Excise, Boisar-I to our Company (the “Noticee”).**

A Show Cause Notice, dated January 25, 2010, bearing number F. No. V. (Ch.29)18-105,106,107,108/Bsr-1/09/25 was issued by the Assistant Commissioner of Central Excise, Boisar whereby, the Noticee has been asked to justify why (i) the exemption under Notification No. 41/ 2007 – ST dated October 06, 2007 as amended claimed by the Noticee towards the Service Tax paid on various services should not be denied and the refund claim amounting to Rs. 52,178/- should not be rejected and (ii) the refund claim amounting to Rs. 1,183/- should not be denied and rejected on the ground of it being time barred.

The matter is pending for filing a reply to the Show Cause Notice before the Commissioner of Central Excise

- (e) **Show Cause cum Demand Notice (“Show Cause Notice”) bearing number F. No. V. (Ch.29)18-111 to 115/Bsr-1/10/2346 issued by the Assistant Commissioner of Central Excise, Boisar-I to our Company (the “Noticee”).**

A Show Cause Notice, dated May 06, 2010, bearing number F. No. V. (Ch.29)18-111 to 115/Bsr-1/10/2346 was issued by the Assistant Commissioner of Central Excise, Boisar to the Noticee, whereby, the Noticee has been asked to justify why the exemption under Notification No. 41/ 2007 – ST dated October 06, 2007 as amended claimed by the Noticee towards the Service Tax paid on various services should not be denied and the refund claim amounting to Rs. 45,229/- should not be rejected.

The matter is pending for filing a reply to the Show Cause Notice before the Assistant Commissioner of Central Excise

- (f) **Show Cause cum Demand Notice (“Show Cause Notice”) bearing number F. No. V. (Ch.29)18-109, 110/BSR/10/2345 issued by the Assistant Commissioner of Central Excise, Boisar-I to our Company (the “Noticee”).**

A Show Cause Notice, dated May 6, 2010, bearing number F. No. V. (Ch.29)18-109, 110/BSR/10/2345 was issued by the Assistant Commissioner of Central Excise, Boisar to the Noticee, whereby, the Noticee has been asked to justify why (i) the exemption under Notification No. 41/ 2007 – ST dated October 06, 2007 as amended claimed by the Noticee towards the Service Tax paid on various services should not be denied and the refund claim amounting

to Rs. 58,114/- should not be rejected (ii) the refund claim amounting to Rs. 3,403/- should not be denied and rejected on the ground of it being time barred.

The matter is pending for filing a reply to the Show Cause Notice before the Assistant Commissioner of Central Excise.

- (g) ***Show Cause cum Demand Notice (“Show Cause Notice”) bearing number F. No. V. (Ch.29)18-116/Bsr-1/10/2347 issued by the Assistant Commissioner of Central Excise, Boisar-I to our Company (the “Noticee”).***

A Show Cause Notice, dated May 6, 2010, bearing number F. No. V. (Ch.29)18-116/Bsr-1/10/2347 was issued by the Assistant Commissioner of Central Excise, Boisar whereby, the Noticee has been asked to justify why the exemption under Notification No. 41/ 2007 – ST dated October 06, 2007 as amended claimed by the Noticee towards the Service Tax paid on various services should not be denied and the refund claim amounting to Rs. 8,849/- should not be rejected.

The matter is pending for filing a reply to the Show Cause Notice before the Assistant Commissioner of Central Excise.

## 6. LABOUR CASES:

- (a) ***Writ Petition number 3407 of 2005 (“Writ Petition”) filed by Mr. Sandeep Nayan Kerkar (the “Petitioner”) against our Company (the “Respondent”) before the High Court of Judicature at Bombay.***

The Petitioner has filed a Writ Petition dated April 25, 2005 before the High Court of Judicature at Bombay (the “High Court”) under Article 226 of the Constitution of India against the order of the Industrial Court dated March 12, 2004. The Industrial Court *vide* its order dated March 12, 2004 directed that (i) Revision Application filed by the Respondent is allowed; (ii) operative part no. II of the order dated August 28, 2002 and the entire order dated August 21, 2003 passed by the Labour Court is quashed and set aside and (iii) the Petitioner is not entitled to any of the relief sought in the complaint.

The Petitioner has stated that he joined the employment of the Respondent on March 02, 1998 as Instrument Technician. However, he was dismissed by the Respondent on the basis of the order passed by the Enquiry Officer on the alleged ground that he had threatened a worker of the Respondent from working in the drying plant of the Respondent.

The Petitioner had filed a complaint of Unfair Labour Practice before the Labour Court, Thane. The Labour Court *vide* its order dated August 21, 2003 granted Petitioner reinstatement with 50% back-wages. Subsequently, a Revision Application was filed by the Petitioner before the Industrial Court against the aforesaid order. However, the Industrial Court *vide* its order dated March 12, 2004 quashed and set aside the aforesaid order of the Labour Court.

The Petitioner has filed the Writ Petition, *inter alia*, on the alleged grounds that the order of the Industrial Court denying Petitioner’s full back wages is contrary to law. The Petitioner has *inter alia* prayed (i) to call for records and proceedings and quash/set aside the impugned Order passed by the Industrial Court and (ii) The order of the Industrial Court denying full back wages be modified and the Petitioner be granted 100% back wages instead of 50% granted by the Labour Court.

The matter is pending before the High Court of Judicature at Bombay.

- (b) ***Writ Petition number 3514 of 2005 (“Writ Petition”) filed by Sandeep Nayan Kerkar (the “Petitioner”) against our Company (the “Respondent”) before the High Court of Judicature at Bombay.***

The Petitioner has filed a Writ Petition dated January 29, 2005 before the High Court of Judicature at Bombay (the “High Court”) under Article 226 of the Constitution of India against the order of the Industrial Court dated March 12, 2004. The Industrial Court *vide* its order dated March 12, 2004 directed that (i) Revision Application filed by the Respondent is allowed; (ii) operative part no. II of the order dated August 28, 2002 and the entire order dated August 21, 2003 passed by the Labour Court is quashed and set aside and (iii) the Petitioner is not entitled to any of the relief sought in the complaint.

The Petitioner has stated that the Petitioner joined the employment of the Respondent on March 02, 1998 as Instrument Technician. However, he was dismissed by the Respondent on the basis of the order passed by the Enquiry Officer on the alleged ground that he had threatened a worker of the Respondent from working in the drying plant of the Respondent.

The Petitioner had filed a complaint of Unfair Labour Practice before the Labour Court, Thane. The Labour Court *vide* its order dated August 21, 2003 granted Petitioner reinstatement with 50% back-wages. Subsequently, a Revision Application was filed by the Respondents before the Industrial Court against the aforesaid order. However, the Industrial Court *vide* its order dated March 12, 2004 quashed and set aside the aforesaid order of the Labour Court.

The Petitioner has filed the Writ Petition, *inter alia*, on the alleged grounds that the findings, judgement and order passed by the Industrial Court is against equity. The Petitioner has, *inter-alia* prayed, (i) to call for records and proceedings of the revision application and quash/set aside the impugned Order passed by the Industrial Court and (ii) direct the Respondent to reinstate the petitioner in service with full back wages and continuity of service.

The matter is pending before the High Court of Judicature at Bombay.

(c) ***Revision Application (ULP) number 74 of 2007 (“Revision Application”) filed by Mr. Ramkrushna J. Tandel (the “Applicant”) against our Company (the “Respondent”) before the Industrial Court at Thane.***

The Applicant has filed a Revision Application dated September 12, 2007, before the Industrial Court at Thane under Section 44 of the MRTU and PULP Act, 1971 against the order of the Labour Court dated November 17, 2006. The Labour Court *vide* its order dated November 17, 2006 dismissed the complaint of the Applicant stating that the Applicant is not a workman within the meaning of Section 2(s) of the Industrial Disputes Act, 1971 therefore the complaint is liable to be dismissed.

The Applicant has stated in the Application that the he joined the employment of the Respondent on May 02, 1992 as Assistant Accountant and was illegally terminated with effect from April 07, 2002. The Applicant wanted to contest the election of Panchayat Samitee, Palghar in the month of February, 2002 for which the Applicant made an application to the Respondent on February 06, 2002 for leave on personal ground to contest the election. The Respondent *vide* its letter dated February 07, 2002 terminated the service of the Applicant pursuant to the clause 5 of letter of appointment of the Applicant.

The Applicant has made this Revision Application *inter alia* on the alleged grounds that the evidence lead by the Respondent nowhere shows that the Applicant was performing the managerial, administrative or supervisory functions and that the Trial Court erred in coming to the conclusion that the Applicant is not a workman within the meaning of the Act.

The Applicant has *inter alia* prayed (i) to call for records and proceedings and quash/set aside the impugned Order passed on November 17, 2006 and (ii) to direct the Respondent to reinstate the applicant workman into service with full back wages and continuity of services with effect from February 07, 2002.

The matter is pending before the Industrial Court at Thane.

(d) ***Show Cause Notice (“Show Cause Notice”) bearing number BO/RO(P&P)/TB/SCN/B-5066 issued by the Regional Officer, Maharashtra Pollution Control Board, Sion to our Company (“the Noticee”).***

A Show Cause Notice dated, August 07, 2010, bearing number BO/RO(P&P)/TB/SCN/B-5066, was issued by the Regional Officer of Maharashtra Pollution Control Board, Sion to the Noticee under the provisions of Water (Prevention & Control of Pollution) Act, 1981, Air (Prevention & Control of Pollution) Act, 1981, whereby, the Noticee has been asked to justify that why a legal action should not be taken for not taking the consent to operate in regard to the increased production capacity at the unit situated at V-23, Taloja.

The matter is pending for filing a reply to the Show Cause Notice before the Regional Officer, Sion.



## 7. POTENTIAL LITIGATIONS

### Income Tax Cases:

#### Assessment Year 2003-04

(a) *Notice issued by the Assistant Commissioner of Income Tax – 10(3), Mumbai to our Company (“the Noticee”)*

Notice dated August 13, 2009, was issued by the Assistant Commissioner of Income Tax to our Company under Section 148 of the Income Tax Act, 1961 requesting our Company to submit the required documents in connection with the assessment of income for the Assessment Year 2003 – 2004.

The matter is pending before the Assistant Commissioner of Income Tax, Mumbai

#### Assessment Year 2008-09

(a) *Notice issued by Additional Commissioner of Income Tax 10 (3), Mumbai to our Company.*

Notice dated August 06, 2009, was issued by the Assistant Commissioner of Income Tax to our Company under Section 143 (2) of the Income Tax Act, 1961 in connection with the return of income submitted on September 29, 2008 for the Assessment Year 2008 – 09 asking for some further information. The information is provided by our Company and the matter is pending before the Assistant Commissioner of Income Tax, Mumbai.

### B. Cases filed by our Company:

#### 1. INCOME TAX CASES:

#### Assessment Year 2006-07

(a) *Appeal filed by our Company (the “Appellant”) against Additional Commissioner of Income Tax (the “Respondent”) before the Commissioner of Income Tax (Appeals), Mumbai.*

The Appellant has filed an appeal (the “Appeal”) dated December 24, 2008 before the Commissioner of Income Tax (Appeals), Mumbai, against the Order dated November 28, 2008 passed by the Respondent under Section 143(3) of the Income Tax Act, 1961.

The Respondent *vide* its order dated November 28, 2008 disallowed (i) the royalty paid to M/s. Galaxy Chemicals of Rs. 26,957,016/- treating the same as expenses incurred for non-business purposes (ii) the loss of Rs. 29,584,901/- claimed as deduction under Section 10B of the Income Tax Act, 1961 and set off against the business profit of other units (iii) the excess amount of commission of Rs. 7,249,867/- paid to its subsidiary Galaxy Chemicals Inc. for the promotion, marketing and selling of the Appellant’s products and added to the income of the Appellant and (iv) a sum of Rs. 275,254/- under Section 14A of the Income Tax Act, 1961. However, penalty proceedings under Section 271(1)(c) of the Income Tax Act, 1961, has been initiated separately by the Assessing Officer for furnishing the inaccurate particulars of income.

The Appellant has made this appeal *inter alia* on the grounds that the Additional Commissioner of Income Tax erred in (i) assessing the income of the appellant at Rs. 131,966,580/- as against Rs. 67,275,550/- as per return of income filed; (ii) disallowing the royalty paid to M/s. Galaxy Chemicals of Rs. 26,957,016/- for use of its trademark “Galaxy”; (iii) disallowing expenditure on professional fees of Rs. 831,981/- for obtaining patents rights in U.S.A ; (iv) holding that the loss incurred by the 100% EOU Unit of Rs. 29,584,901/- was not eligible for being set off for determining the total income of the Appellant; (v) disallowing Rs. 7,249,867/- out of the claim of Rs. 11,912,625/- paid to Galaxy Chemical Inc. as commission ; (vi) misinterpreting the Rule 8D and making a disallowance of Rs. 275,254/- and not taking the cognizance of claim made by the Appellant during the course of the assessment proceedings for deduction of the addition of National Foreign Exchange Fluctuation loss of Rs. 2,122,998/-

The matter is pending before the Commissioner of Income Tax (Appeals), Mumbai.

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**Assessment Year 2007-08**

(a) ***Appeal filed by our Company (the “Appellant”) against Additional Commissioner of Income Tax (the “Respondent”) before the Commissioner of Income Tax (Appeals), Mumbai.***

The Appellant has filed an appeal (the “Appeal”) dated January 22, 2010, before the Commissioner of Income Tax (Appeals), Mumbai, against the Order dated December 18, 2009 passed by the Respondent under Section 143(3) of the Income Tax Act, 1961.

The Respondent *vide* its order dated December 18, 2009 disallowed (i) the royalty paid to M/s. Galaxy Chemicals of Rs. 23,738,176/- treating the same as expenses incurred for non-business purposes (ii) the excess amount of commission of Rs. 1,010,312/- paid to its subsidiary Galaxy Chemicals Inc. for the promotion, marketing and selling of the Appellant’s products and (iii) a sum of Rs. 220,517/- under Section 14A of the Income Tax Act, 1961 and added back to the income of the Appellant. However, penalty proceedings under Section 271 (1) (c) of the Income Tax Act, 1961, has been initiated separately by the Assessing Officer for furnishing the inaccurate particulars of income.

The Appellant has filed this Appeal *inter alia* on the grounds that the Additional Commissioner of Income Tax erred in (i) assessing the income of the appellant at Rs. 216,470,160/- as against Rs. 212,269,588/- as per return of income filed; (ii) disallowing the royalty paid to M/s. Galaxy Chemicals of Rs. 23,738,176/- for use of its trademark “Galaxy”; (iii) disallowing expenditure on professional fees of Rs. 788,755/- for obtaining patents rights in U.S.A. (iv) disallowing Rs. 1,010,312/- out of the claim of Rs. 12,240,731/- paid to Galaxy Chemicals Inc. as commission (v) misinterpreting the Rule 8D and making a disallowance of Rs. 220,517/- without appreciating the facts relating to exempt income and (vi) not taking cognizance of the claim made by the Appellant during the course of the assessment proceedings for deduction of the addition of National Foreign Exchange Fluctuation loss of Rs. 1,870,965/- made in the Computation of Income.

The matter is pending before the Commissioner of Income Tax (Appeals), Mumbai.

**2. EXCISE CASES:**

(a) ***Appeal filed by our Company (“the Appellant”) against Commissioner of Central Excise (“the Respondent”) before the Customs, Excise and Service Tax Appellate Tribunal.***

A Show Cause Notice, dated May 01, 2003 bearing number F. No. V/Adj (SCN)15-88/Commer/02/Bel was issued by the Assistant Commissioner of Central Excise, Belapur to the Noticee under the provisions of Central Excise Act, 1944 and the rules made there under, whereby, the Noticee has been asked to justify why (i) Central Excise duty amounting to Rs. 12,596,823/- should not be demanded and recovered under proviso to Section 11A of the Central Excise Act, 1944; (ii) penalty should not be imposed upon the Noticee under Section 11AC *ibid* and Rule 173Q of the erstwhile Central Excise Rules, 1944 / Rule 25 of the Central Excise Rules, 2001/2002 and (iii) interest under Section 11AB should not be charged and recovered from the Noticee.

Subsequently, on a reply filed against the aforesaid Show Cause Notice the Commissioner of Central Excise passed an Order-in-Original bearing number 33/commr./04-05 dated January 27, 2005 confirming the aforesaid demand and directing the Noticee to pay interest therein; a penalty of Rs.12,596,823/- under Section 11AC *ibid* and Rule 173Q of the erstwhile Central Excise Rules, 1944 / Rule 25 of the Central Excise Rules, 2001/2002 and a penalty of Rs. 500,000/- under Rule 209A of Central Excise Rules, 1944 / Rule 26 of Central Excise Rules, 2001 / 2002. Further, an appeal was filed before the Customs, Excise and Service Tax Appellate Tribunal (the “CESTAT”) against the aforesaid Order-in-Original.

Further, on an application filed by the Noticee before the CESTAT in the appeal, an order was passed bearing number S/660-661/W2B/2005/GII dated July 14, 2005 directing a deposit of a sum of Rs. 2,500,000/-. However, on a writ petition filed by the Noticee before the High Court of Judicature at Bombay an order was passed by the High Court directing the Noticee to furnish a bank guarantee of Rs. 2,500,000/- instead of cash security and thereby modifying the order dated July 14, 2005 to that extent.

Subsequently, an order dated August 08, 2006 has been passed by the CESTAT, vis-à-vis the appeal filed before it, setting aside the Order-in-Original dated January 27, 2005, remitting the matter to the appropriate authority and directing the authority to re-adjudicate the matter.



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The matter is pending before the Commissioner of Central Excise for re-adjudication.

**(b) *Appeal filed by our Company (the “Appellant”) against Assistant Commissioner of Central Excise (the “Respondent”) before the Commissioner of Central Excise (Appeals), Mumbai.***

The Appellant has filed an appeal (the “Appeal”) before the Commissioner of Central Excise (Appeals), Mumbai, against the order dated July 04, 2007 passed by the Respondent under Section 11B of the Central Excise Act, 1944, rejecting the rebate claim of Rs. 301,838/- filed by the Appellant.

The Appellant has made this appeal *inter alia* on the grounds that the Appellant has filed the rebate claim within a period of one year in terms of Rule 18 of the Central Excise Rules, 2002, the impugned Order holding that the rebate application was time barred, is not legally sustainable.

The Appellant has *inter alia* prayed (i) to set aside the impugned Order dated July 04, 2007, passed by the Assistant Commissioner of Central Excise (ii) to grant the rebate claim of Rs. 301,838/-.

The matter is pending before the Commissioner of Central Excise (Appeals), Mumbai.

**3. LABOUR CASES:**

**(a) *Writ Petition number 1437 of 2003 (“Writ Petition”) filed by our Company (“Petitioner number 1”), Mr. Unnathan Shekhar (“Petitioner number 2”), Mr. Gopalkrishnan Ramakrishnan (“Petitioner number 3”), Mr. Sudhir Patil (Petitioner number 4), Mr. Shashikant Shanbhag (“Petitioner number 5”) (together the “Petitioners”) against State of Maharashtra, Government Labour Officer (“Respondent number 1”) and Inspector (“Respondent number 2”) (together the “Respondents”) before the High Court of Judicature at Bombay (Criminal Jurisdiction).***

The Petitioners have filed a Writ Petition dated September 24, 2005 before the High Court of Judicature at Bombay (the “High Court”) under Article 226 and 227 of the Constitution of India and Maharashtra Workmen’s Minimum House Rent Allowance Act, 1983. The Writ Petition has been filed against the complaint filed against the Petitioners and the summons issued therein by the Court of Judicial Magistrate First Class (the “JMFC”).

The Petitioners have stated in the Writ Petition that Respondent Number 2 inspected the Factory premises of the Petitioner Number 1 and issued the Inspection Report alleging shortcomings on the part of the Petitioners *vis-à-vis* contract labour. The Petitioners further states that the Petitioner’s representative was handed over a Show Cause Notice dated September 11, 2002, in return of the reply filed of the Inspection Report whereby the Petitioners have been asked to justify why a penal action should not be taken for the non compliance of the Inspection Report. Further, the Petitioners submitted a detailed reply dated September 13, 2002 of the said Show Cause Notice. Subsequently, the Petitioners have alleged that they have received summons dated September 16, 2003 to appear before the JMFC without a copy of the complaint being served to them.

The Petitioners have filed the Writ Petition, *inter alia*, on the alleged grounds stating that the summons furnished by the JMFC exceeds his jurisdiction and that there are no pleadings against Petitioner numbers 2 to 5 in the complaint made before the JMFC. The Writ Petition further states that the contract labour, in relation to which the complaint is made, does not come within the contemplation of “workmen” specified in Section 2 (i) of the Industrial Disputes Act, 1947.

The Petitioners have *inter alia* prayed (i) to issue Writ of Certiorari or any other writ, order or direction under Article 226 of the Constitution of India calling for the record of criminal complaint filed before the JMFC and to quash and set aside the criminal complaint and summons dated September 16, 2003 and (ii) to stay the further proceedings in criminal complaint and summons issued therein.

The Respondents have filed an affidavit dated July 19, 2004 opposing the admission and / or the grant of ad-interim or interim relief as prayed by the Petitioner. Further, the Respondents have contended that the Petitioner numbers 2 to 5 have the ultimate control over the affairs of the Petitioner number 1 and therefore they fall within the purview of Section 2 (b) of the Industrial Disputes Act, 1947 and therefore they have been impleaded as accused in the proceedings before the JMFC. The affidavit further states that the Respondents have failed to comply with the provisions of the Industrial Disputes Act, 1947 and the said Inspection Report dated September 05, 2002 resulting into the filing of the criminal complaint made before the JMFC. The Respondents have prayed to dismiss the Writ Petition with costs filed by the Petitioners.

The matter is pending before the High Court of Judicature at Bombay.

- (b) ***Writ Petition number 2574 of 2006 (“Writ Petition”) filed by our Company (the “Petitioner”) against Mr. Deepak Chewle (the “Respondent”) before the High Court of Judicature at Bombay.***

The Petitioner has filed a Writ Petition dated November 10, 2006 before the High Court of Judicature at Bombay (the “High Court”) under Article 226 of the Constitution of India against the order of the Labour Court dated October 17, 2005. The Labour Court *vide* its order dated October 17, 2005 directed that (i) the Respondent is entitled to full back wages with effect from October 01, 1996 till the date of re-instatement with continuity of services with effect from October 01, 1996 and (ii) the Petitioner be allowed to pay 50% of the wages to the Respondent till the date of retirement on superannuation by way of compensation and allowed to pay legal dues in case the Petitioner does not desire to re-instate the Respondent.

The Petitioner has stated in the Writ Petition that the Respondent, who joined the employment of the Petitioner on October 01, 1986 as Office Assistant, was initially terminated *vide* letter issued by the Petitioner on September 20, 1996 on the alleged ground of deteriorated work performance. The Petitioner further states that the Respondent was subsequently terminated *vide* letter dated February 20, 1997 due to unauthorised absence from work notwithstanding the withdrawal of the initial termination letter issued to the Respondent.

The Petitioner has filed the Writ Petition *inter alia* on the alleged grounds that the Labour Court has erred in holding that the Respondent is entitled to legal dues and retrenchment compensation while terminating him *vide* letter dated September 20, 1996.

The Petitioner has *inter alia* prayed (i) to issue Writ of Certiorari or any other writ, order or direction under Article 226 of the Constitution of India and to quash and set aside the order dated October 17, 2005 and (ii) to stay the effect, implementation and operation of the said award, issued by the Labour Court, till the pendency of this petition.

The matter is pending before the High Court of Judicature at Bombay.

### **III. Outstanding litigation involving our Directors**

#### **A. Cases filed against our Directors**

For litigation filed against our Directors, please refer to case number “II (A) (1) (a)” above in this chapter

#### **B. Cases filed by our Directors**

For litigation filed by our Directors, please refer to case number “II (B) (3) (a)” above in this chapter.

### **IV. Outstanding litigations involving our Promoters**

#### **A. Cases filed against our Promoters**

For litigation filed against our Promoters, please refer to case number “II (A) (1) (a)” above in this chapter

#### **B. Cases filed by our Promoters**

For litigation filed by our Promoters, please refer to case number “II (B) (3) (a)” above in this chapter.

**V. Outstanding litigations involving our Group Entities**

**A. Cases filed against our Group Entities**

**M/s. Galaxy Chemicals:**

**1. INCOME TAX CASES**

**Assessment Year 2001 – 02**

- (a) ***Appeal number 1325 of 2008 filed by the Commissioner of Income Tax (the “Appellant”) against M/s. Galaxy Chemicals (the “Respondent”) before the High Court of Judicature at Bombay.***

The Appellant has filed an appeal (the “Appeal”) dated May 02, 2008 before the High Court of Judicature at Bombay (the “High Court”) under Section 260A of the Income Tax Act, 1961 against the order of the Income Tax Appellate Tribunal (“ITAT”) dated November 29, 2007. The ITAT *vide* its order dated November 29, 2007 dismissed the Appeal made by the Appellant stating that the findings of the Commissioner of Income Tax (Appeals) are findings of facts which neither could not be controverted nor any other material was brought on record to establish otherwise.

The Appellant contended that the Respondent has diverted the fixed deposits in purchasing the shares of Galaxy Surfactants Limited through its partners. Accordingly, the Respondent is not entitled to deduction under Section 36 (1) (iii) in respect of the interest paid on the fixed deposits. Interest paid on the acquisition of shares of Galaxy Surfactants Limited is disallowable under Section 14A of the Income Tax Act, 1961 as the Respondent is not a dealer in shares.

The Appellant has filed the appeal, *inter alia*, on the alleged grounds that (i) ITAT failed to interpret the provisions of Section 14A and Section 36 (1) (iii) of the Income Tax Act, 1961; (ii) ITAT erred in law in accepting the Respondent’s plea that no interest bearing funds have been diverted for purchase of shares of the sister concern; (iii) ITAT was wrong in law in deleting the addition of Rs. 5,596,024/- in respect of the interest paid on the fixed deposits; (iv) ITAT was wrong in law in not considering that the interest paid by the Respondent was not allowable under Section 14A of the Income Tax Act, 1961.

The Appellant has *inter alia* prayed (i) to set aside the impugned Order dated November 29, 2007 passed by the ITAT and (ii) to stay the operation and implementation of the impugned Order of the ITAT until the hearing and final disposal of the Appeal.

The matter is pending before the High Court of Judicature at Bombay.

**Assessment Year 2005 – 06**

- (a) ***Appeal number 5788/M/2008 filed by the Deputy Commissioner of Income Tax (the “Appellant”) against M/s. Galaxy Chemicals (the “Respondent”) before the Income Tax Appellate Tribunal, Mumbai.***

The Appellant has filed an appeal (the “Appeal”) dated January 22, 2008 before the Income Tax Appellate Tribunal, (“ITAT”) Mumbai, against the order dated April 22, 2008 passed by the Commissioner of Income Tax (Appeals) under Section 250 of the Income Tax Act, 1956. The Commissioner of Income Tax (Appeals) *vide* its order dated April 22, 2008 allowed the claim of the Respondent of Rs. 1,029,602/- as allowable expenditure under Section 13(1) (iii) of the Income Tax Act, 1961.

The Appellant has made this appeal *inter alia* on the grounds that Commissioner of Income Tax (Appeals) erred in deleting the addition of Rs. 1,029,602/- and that the Commissioner of Income Tax (Appeals) failed to appreciate that the Respondent was not able to prove that no interest bearing funds have been diverted for the purchase of shares of Galaxy Surfactants Limited.

The Applicant has *inter alia* prayed (i) to reverse the impugned order dated April 22, 2008, passed by the Commissioner of Income Tax (Appeals) and (ii) to restore the order dated December 31, 2007, of the Assessing Officer.

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The matter is pending before the ITAT, Mumbai.

**B. Cases filed by our Group Entities**

There are no legal proceedings initiated by our Group Entities

**VI. Outstanding litigations involving our Subsidiaries**

**A. Cases filed against our Subsidiaries**

There are no legal proceedings initiated against our Subsidiaries

**B. Cases filed by our Subsidiaries**

There are no legal proceedings initiated by our Subsidiaries

**VII. Penalties imposed in past cases for the last five years**

**A. Our Company**

A penalty for non-payment of additional factory licence fee, based on increased number of workers at our factory units situated Taloja, amounting to Rs. 6,000 was levied on our Company in January 2010 which was paid on January 06, 2010.

**B. Our Directors and Promoters**

There are no past penalties imposed on our Directors and Promoters

**C. Our Group Entities**

There are no past penalties imposed on our Group Entities

**D. Our Subsidiaries**

There are no past penalties imposed on our Subsidiaries

**VIII. Amounts owed to small scale undertakings**

There are no amount owed by our Company to small scale undertakings or any other creditors exceeding Rs. 0.1 mn, for over thirty days

**IX. Material developments occurring after the last Balance Sheet Date:**

There are no material developments in our Company that have occurred after the last Balance Sheet date.

## GOVERNMENT/STATUTORY APPROVALS AND LICENSES

We have received the necessary consents, licences, permissions and approvals from the government and various governmental agencies required for our present business and except as mentioned below, no further material approvals are required for carrying on our present business. In view of the material approvals listed below, our Company can undertake this Issue as well as our current business activities. Unless otherwise stated, these approvals are all valid as of the date of the Draft Red Herring Prospectus.

*It must be distinctly understood that, in granting these approvals, the Government of India, the Reserve bank of India or any other authority does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.*

### APPROVALS FOR THIS ISSUE:

We have received the following approvals relating to this Issue:

1. Resolution passed by the Board of Directors at the meeting held on September 12, 2009 authorising this Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.
2. Resolution passed by the shareholders of our Company at the EGM held on October 24, 2009 authorising this Issue under Section 81(1A) of the Companies Act.
3. The IPO committee, pursuant to its resolution dated August 21, 2010 has approved and authorised the Draft Red Herring Prospectus.
4. Our Company has obtained in-principle listing approvals from the BSE and the NSE dated [•] and [•], respectively.

### STATUTORY APPROVALS AND LICENCES:

We have received the following Government and other statutory approvals pertaining to our business:

#### General Corporate Approvals:

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
1.	Certification of Incorporation bearing number 39877 of 1986	May 20, 1986	Till cancelled	Companies Act, 1956	Registrar of Companies, Maharashtra
2.	Fresh Certificate of Incorporation pursuant to change of name from "Galaxy Surfactants Private Limited" to "Galaxy Surfactants Limited", bearing number 39877 of 1986	March 13, 1995	Till cancelled	Companies Act, 1956	Registrar of Companies, Maharashtra
3.	Certificate of Importer Exporter Code bearing number 03/04/130/16204/AM/89/e	April 01, 1988	Till cancelled	Foreign Trade Policy	Foreign Trade Development Officer
4.	Certificate of registration under Employees State Insurance Corporation allotting code number 31-39338-101	September 24, 1997	Till cancelled	Employees State Insurance Act, 1948	Assistant Regional Director, Regional Office, Employees State Insurance Corporation
5.	Permanent Account Number AAACG1539P	May 20, 1986	Till cancelled	Income Tax Act, 1961	Income Tax Department
6.	Tax Identification Number 27340299976V	April 01, 2006	Till cancelled	Maharashtra Value Added Tax Act, 2002	Sales Tax Officer, Registration branch, Palghar, Dist. Thane
7.	Tax Identification Number (Central) 27340299976C	April 01, 2006	Till cancelled	Central Sales Tax (Registration &	Sales Tax Officer, Registration

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
				Turnover) Rules, 1957	branch, Palghar, Dist. Thane
8.	Registration under the Provident Fund Act bearing number MH/22727-B	January 23, 1989	Till cancelled	Employees provident Funds and Miscellaneous Provisions Act, 1952	Regional Provident Fund Commissioner

**Research Centre situated at C – 49/2, TTC Industrial Area, Pawne, Vashi, Thane – 400 703, Maharashtra:**

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Approvals relating to operation of business</b>					
1.	Factory Licence bearing number 102024	November 17, 2009	December 31, 2011	Factories Act, 1948	Director, Directorate of Industrial Safety and Health
2.	Central Excise Registration Certificate bearing number AAACG1539PXM009 for operating an Export Oriented Undertaking	February 28, 2003	Till cancelled	Central Excise Rules, 2002	Assistant Commissioner of Central Excise
3.	Certificate of Registration bearing number AAACG1539PST007	November 24, 2008	Till cancelled	Finance Act, 1964	Assistant Commissioner of Service Tax
4.	Certificate of verification bearing number 332651 for standard weights and measurement	June 15, 2010	June 15, 2011	Weighing (A) Provisional Act, 1985, Maharashtra Government Weighing and Measurement (Enforcement) Rule, 1987 and Reform Act, 2000	Inspector of Permit- Vashi
5.	Certificate of verification bearing number 316477 for standard weights and measurement	March 15, 2010	March 15, 2011	Weighing (A) Provisional Act, 1985, Maharashtra Government Weighing and Measurement (Enforcement) Rule, 1987 and Reform Act, 2000	Inspector of Permit- Vashi
<b>Approvals relating to Industry</b>					
6.	Consumer license bearing number 17 / 2007	August 04, 2007	August 03, 2012	Maharashtra Solvent, Raffinate, Slop (Licensing) Order, 2007	Controller of Rationing & Director of Civil Supply, Mumbai
7.	Recognition as R&D Unit bearing number F1(89) / 2008-RDI / 2837	December 19, 2008	March 31, 2011	-	Department of Scientific and Industrial Research, New Delhi
<b>Approvals relating to environment</b>					
8.	Consent to operate bearing number RONM / NNB / TTC / CC / R/C - 61	March 31, 2003	August 31, 2012	Water (Prevention & Control of Pollution) Act, 1974; Air (Prevention and	Maharashtra Pollution Control Board

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
				Control of Pollution) Act 1981 and the Hazardous Waste (Management and Handling) Rules 1989	
	<b>Building approvals</b>				
9.	Drainage plan approval letter bearing number PO / TBP / SPA / 1998 / 2183 alongwith Drainage Completion Certificate	April 06, 1995	-	Maharashtra Industrial Development Act, 1961	Executive Engineer (Electrical), P. W. Department
10.	Letter of approval bearing number SPA / C - 49 / 2 / 2537 / 96 for amended building plan	September 23, 1996	-	Maharashtra Industrial Development Act, 1961	Executive Engineer, MIDC, Division No. II, Thane
11.	Building Completion Certificate and Drainage Completion Certificate bearing number SPA / TTC / C-49 / 2 / 2538 / 96	September 23, 1996	-	Maharashtra Industrial Development Act, 1961	Executive Engineer, MIDC, Division No. II, Thane
12.	Letter of permission bearing number PA - IV / TTC / C - 49 / 2 / 8718 of 97 for connecting treated effluent to MIDC's Effluent Collection System	November 17, 1997	-	Maharashtra Industrial Development Act, 1961	Executive Engineer, MIDC, Division No. II, Thane
13.	Letter of permission bearing number PO/ISC/TTC/C49/2991 of 98 for enhancement of water connection from 15 mm diameter to 25 mm diameter	February 05, 1998	-	Maharashtra Industrial Development Act, 1961	Executive Engineer, MIDC, Division No. II, Thane
14.	Letter of approval bearing number Plan/NDM/202/99/5887/Thn of factory building plan	October 08, 1999	-	Factories Act, 1948	Directorate of Industrial Safety and Health
15.	Letter bearing number SE/VC/Tech/No.3059 authorising enhancement of contract demand and connected load of electricity	May 27, 2008	-	Electricity Act, 2003	Superintending Engineer, Maharashtra State Electricity District Company Limited, Vashi Circle
16.	Letter assigning registration number E/TH/698(i) for installation of diesel generator set having a capacity of 125 KVA	May 18, 1999	-	Bombay Electricity Duty Rules, 1962	Chief Engineer (Electrical), Public Works Department, Mumbai
17.	Letter assigning registration number E/TH/382(ii) for installation of diesel generator set having a capacity of 15 KVA	May 11, 2006	-	Bombay Electricity Duty Rules, 1962	Chief Engineer (Electrical), Public Works Department, Mumbai.
18.	License to work the lift bearing number 77075	July 09, 2008	-	Bombay Lift Rules, 1958	Government of Maharashtra Industries, Energy and Labour Department
19.	License to work the Lift bearing number 82845	May 07, 2009	-	Bombay Lift Rules, 1958	Government of Maharashtra Industries, Energy and Labour Department
	<b>Others</b>				
20.	Certificate of membership	March 28, 1998	-	-	Common Effluent Treatment Plant (Thane-Belapur)

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
					Association

Unit situated at W-67(B), MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra:

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Approvals relating to operation of business</b>					
1.	Renewed Factory License bearing number 093564	March 29, 2007	December 31, 2010	Factories Act, 1948	Director, Directorate of Industrial Safety and Health
2.	Certificate of verification bearing number 0232764 for standard weights and measurement	January 13, 2010	January 13, 2011	Weighing (A) Provisional Act, 1985, Maharashtra Government Weighing and Measurement (Enforcement) Rule, 1987 and Reform Act, 2000	Inspector of Permit- Panvel
<b>Approvals relating to Industry</b>					
3.	Acknowledgement of Industrial Entrepreneurs Memorandum bearing number 2494/SIA/IMO/98	November 26, 1998	-	Industries (Development and Regulation) Act, 1951	Secretariat for Industrial Assistance
4.	Renewed License bearing number KD-C-133 to manufacture cosmetics for sale	September 25, 2008	December 31, 2012	Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945.	Food and Drugs Administration
5.	Recognition as R&D Unit bearing number F.1(89)2008-RDI/2837	December 19, 2008	March 31, 2011	-	Department of Scientific and Industrial Research, New Delhi
<b>Approvals relating to environment</b>					
6.	Renewed consent to operate bearing number MPC/ROT/R/35	July 22, 2008	May 31, 2013	Water (Prevention & Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution) Act 1981 and the Hazardous Waste (Management and Handling) Rules 1989	Maharashtra Pollution Control Board
<b>Building approvals</b>					
7.	Building Completion Certificate, Drainage Completion Certificate bearing number DB / 2343 / 1991	April 12, 1991	-	Maharashtra Industrial Development Act, 1961	Executive Engineer, MIDC, Division No. II, Thane
8.	Letter bearing number BRC / TECH / PLG / CONS-342 / 9626 authorising contract demand and connected load of electricity	November 21, 1986	-	Indian Electricity Act, 1910	Superintending Engineer, Maharashtra State Electricity Board, Kalyan
9.	FDA plan approval bearing number 106-	April 04, 2007	-	Drugs and	Joint



Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
	07/77/3			Cosmetics Act, 1944; Drugs and Cosmetics Rules, 1945	Commissioner, Food and Drug Division
10.	Letter bearing number Plan/165/2006/PTU/3239/Vasai of approving the modifications in factory building plan	October 06, 2008	-	Factory Act, 1948	Joint Director, Industrial Safety and Health, Vasai

Unit situated at N-46/1 & 2, MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra:

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Approvals relating to operation of business</b>					
1.	Renewed Factory Licence bearing number 086655	February 03, 2005	December 31, 2014	Factories Act, 1948	Director, Directorate of Industrial Safety and Health
2.	Certificate of verification bearing number 0232766 for standard weights and measurement	January 13, 2010	January 13, 2011	Weighing (A) Provisional Act, 1985, Maharashtra Government Weighing and Measurement (Enforcement) Rule, 198 and Reform Act, 2000	Inspector of Permit- Panvel
3.	Central Excise Registration Certificate bearing number AAACG1539PXM 002	March 15, 2005	Till cancelled	Central Excise Rules, 2001	Commissioner of Central Excise
4.	Certificate of Registration bearing number AAACG1539PST 009	November 11, 2009	Till cancelled	Finance Act, 1994	Assistant Commissioner of Service Tax
<b>Approvals relating to Industry</b>					
5.	Acknowledgement of Industrial Entrepreneurs Memorandum bearing number 768/SIA/IMO/2002	March 22, 2002	-	Industries (Development and Regulation) Act, 1951	Secretariat for Industrial Assistance
6.	Renewed License bearing number P/HQ/MH/15/1693(P7005) for storage of petroleum (Class A & C)	November 18, 2008	December 31, 2011	Petroleum Rules, 2002	Petroleum and Explosives Safety Organisation
7.	Renewed License bearing number KD-C-134 to manufacture cosmetics for sale	September 25, 2008	December 31, 2012	Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945.	Food and Drugs Administration
8.	Approval bearing number P-12(7)4362 approving the plan for Storage of Petroleum	January 06, 2000	-	Petroleum Rules, 2002	Deputy Chief Controller of Explosives
9.	Renewed license for storage of Ethylene Oxide, Liquid Nitrogen gas in pressure vessel having no. S/HO/MH/03/111(S350)	March 19, 2010	March 31, 2013	Static and Mobile Pressure Vessel, Act 1981 Static and Mobile Pressure Vessel, Rules 1982	Controller of Explosives.
<b>Approvals relating to environment</b>					
10.	Renewed consent to operate bearing number BO/RO Thane/ PCI-I/EIC-0989-06/R/CC-442	October 13, 2006	September 30, 2011	Water (Prevention & Control of Pollution) Act, 1974; Air (Prevention and Control of	Maharashtra Pollution Control Board

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
				Pollution) Act 1981 and the Hazardous Waste (Management and Handling) Rules 1989	
<b>Building approvals</b>					
11.	Building Completion Certificate and Drainage Completion Certificate for plot number N/46-1 bearing number DB/TRP/658/2632/1987	August 10, 1987	-	Maharashtra Industrial Development Act, 1961	Executive Engineer MIDC Division IV, Thane
12.	Building Completion Certificate and Drainage Completion Certificate for plot number N/46-2 bearing number DE/TW/140/97	January 22, 1997	-	Maharashtra Industrial Development Act, 1961	Executive Engineer (Electrical), P. W. Department
13.	Power Supply Certificate for plot number N-46/1 bearing number BRC-Tech/PL3/Cons-002903	April 25, 1984	-	Indian Electricity Act, 1910	Maharashtra State Electricity Board
14.	Letter of permission bearing number 1/Swis/102/4149/2007-08 for the plan approval of diesel generator set	September 15, 2008	-	Bombay Electricity Duty Rules, 1962	Power Inspector, Inspecting ward, Thane
15.	Letter bearing number P-12(7)4362 approving the drawing for installation of additional facilities	January 06, 2000	-	Petroleum Rules, 1976	Deputy Chief Controller of Explosives
16.	FDA plan approval bearing number 105-07/76/3	April 04, 2007	-	Drugs and Cosmetics Act, 1944; Drugs and Cosmetics Rules, 1945	Joint Commissioner, Food and Drug Division
17.	Letter bearing number Plan/40/2009/PTU/1683/Vasai for approving the modifications in factory building plan	March 26, 2009	-	Factory Act, 1948	Joint Director, Industrial Safety and Health, Vasai

**Unit situated at M-3, MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra:**

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Approvals relating to operation of business</b>					
1.	Factory License bearing number 086641	January 25, 2005	December 31, 2014	Factories Act, 1948	Director, Directorate of Industrial Safety and Health
2.	Amended registration certificate of contract labour bearing number 083/13/(94)	May 21, 2010	-	Contract Labour (Regulation & Abolition) Act, 1970	Registering and Licensing Authority, Thane
3.	Certificate of verification bearing number 0232765 for standard weights and measurement	January 13, 2010	January 13, 2011	Weighing (A) Provisional Act, 1985, Maharashtra Government Weighing and Measurement (Enforcement) Rule, 1987 and Reform Act, 2000	Inspector of Permit- Panel
4.	Central Excise Registration Certificate bearing number AAACG1539PXM005	March 15, 2005	Till cancelled	Central Excise Rules, 2002	Commissioner of Central Excise
5.	Certificate of Registration bearing number AAACG1539PST008	November 11, 2009	Till cancelled	Finance Act, 1994	Assistant Commissioner of Service Tax

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Approvals relating to Industry</b>					
6.	Acknowledgement of Industrial Entrepreneurs Memorandum bearing number 730/SIA/IMO/2002	March 19, 2002	-	Industries (Development and Regulation) Act, 1951	Secretariat for Industrial Assistance
7.	Certificate of renewal of license bearing number KD-C-132 to manufacture cosmetics for sale	September 25, 2008	December 31, 2012	Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945.	Food and Drugs Administration
8.	License bearing number P/HQ/MH/15/1450(P6765) to import store petroleum in installation 30 KL (Class A & C in bulk)	August 14, 1996	December 31, 2011	Petroleum Act, 1934 and rules made thereunder	Petroleum and Explosives Safety Organisation
<b>Approvals relating to environment</b>					
9.	Renewed consent to operate bearing number BO/RO-Thane/PCI-I/EIC-1010/06/R/CC-592	January 29, 2007	October 31, 2011	Water (Prevention & Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution) Act 1981 and the Hazardous Waste (Management and Handling) Rules 1989	Maharashtra Pollution Control Board
<b>Building approvals</b>					
10.	Building Completion Certificate and Drainage Completion Certificate bearing number DE/TD/492/97	March 22, 1997	-	Maharashtra Industrial Development Act, 1961	Deputy Engineer, MIDC Drainage, Sub-division, Tarapur
11.	Letter of permission bearing number TB/TRP/658/97 for enhancement of water connection from 25 mm diameter to 50 mm diameter	May 30, 1997	-	Maharashtra Industrial Development Act, 1961	MIDC
12.	Letter assigning registration number E/TH/534 for installation of diesel generator set having a capacity of 140 KVA	June 09, 1995	-	Bombay Electricity Duty Rules, 1962	Chief Engineer (Electrical), Public Works Department, Mumbai.
13.	Letter of permission bearing number 1/Swis/918/2007-08 for the plan approval of diesel generator set having capacity of 500 KVA	February 15, 2008	-	Bombay Electricity Duty Rules, 1962	Power Inspector, Inspecting Ward
14.	License to work the lift bearing number 36764	June 11, 2001	-	Bombay Lift Rules, 1958	Government of Maharashtra Industries, Energy and Labour Department
15.	License to work the lift bearing number 27369	February 19, 1998	-	Bombay Lift Rules, 1958	Government of Maharashtra Industries, Energy and Labour Department
16.	Power Supply Certificate for bearing number SE/VC/Tech Cons 2320	April 18, 1994	-	Indian Electricity Act, 1910	Maharashtra State Electricity Board
17.	FDA plan approval bearing number 73-09/205-09/2	October 22, 2009	-	Drugs and Cosmetics Act, 1944; Drugs and	Joint Commissioner, Food and Drug

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
				Cosmetics Rules, 1945	Division
18.	Letter bearing number Plan/46/2008/VAM/2041/Vasai/ of approving the modifications in factory building plan	April 08, 2008	-	Factory Act, 1948	Joint Director, Industrial Safety and Health, Vasai

**Unit situated at G-59, MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra:**

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Approvals relating to operation of business</b>					
1.	Factory Licence bearing number 086719	May 02, 2005	December 31, 2014	Factories Act, 1948	Director, Directorate of Industrial Safety and Health
2.	Certificate of verification bearing number 0232763 for standard weights and measurement	January 13, 2010	January 13, 2011	Weighing (A) Provisional Act, 1985, Maharashtra Government Weighing and Measurement (Enforcement) Rule, 1987 and Reform Act, 2000	Inspector of Permit- Panvel
3.	Central Excise Registration Certificate bearing number AAACG1539PXM004	March 15, 2005	Till cancelled	Central Excise Rules, 2002	Commissioner of Central Excise
4.	Certificate of Registration bearing number AAACG1539PST010	November 11, 2009	Till cancelled	Finance Act, 1994	Assistant Commissioner of Service Tax
<b>Approvals relating to Industry</b>					
5.	Acknowledgement of Industrial Entrepreneurs Memorandum bearing number 727/SIA/IMO/2002	March 18, 2002	-	Industries (Development and Regulation) Act, 1951	Secretariat for Industrial Assistance
6.	Certificate of renewal of license bearing number KD-C-81 to manufacture cosmetics for sale	September 25, 2008	December 31, 2012	Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945.	Food and Drugs Administration
<b>Approvals relating to environment</b>					
7.	Renewed consent to operate bearing number BO/RO-TN/PCI-I/133807/R/CC-01	January 04, 2008	April 30, 2012	Water (Prevention & Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution) Act 1981 and the Hazardous Waste (Management and Handling) Rules 1989	Maharashtra Pollution Control Board
<b>Building Approvals</b>					
8.	Building Completion Certificate, Drainage Completion Certificate bearing number DE/TD/409/98	March 26, 1998	-	Maharashtra Industrial Development Act, 1961	Deputy Engineer, MIDC Drainage, Sub-division, Tarapur
9.	Letter bearing number Vasai/Tech/PLG/Cons.495 authorising	January 27, 1993	-	Indian Electricity Act, 1910	Superintending Engineer,

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
	contract demand and connected load of electricity.				Maharashtra State Electricity Board, Vasai Circle
10.	Letter assigning registration number E/TH/535(i) for installation of diesel generator set having a capacity of 140 KVA	June 09, 1995	-	Bombay Electricity Duty Rules, 1962	Chief Engineer (Electrical), Public Works Department, Mumbai
11.	FDA plan approval	September 27, 2001	-	Drugs and Cosmetics Act, 1944; Drugs and Cosmetics Rules, 1945	Joint Commissioner, Food and Drug Division
12.	Letter bearing number Plan/312/2006/VAM/3164/Vasai for approving the modifications in factory building plan	December 22, 2006	-	Factory Act, 1948	Joint Director, Industrial Safety and Health, Vasai

**Unit situated at RH-5, MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra:**

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
	<b>Building Approvals</b>				
1.	Building plan approval bearing number DE/TW/597/96	August 26, 1996	-	Maharashtra Industrial Development Act, 1961	-
2.	Building Completion Certificate and Drainage Completion Certificate bearing number DE/TD/3299/97	November 17, 1997	-	Maharashtra Industrial Development Act, 1961	Deputy Engineer, MIDC Drainage Sub-Division, Tarapur

**Unit situated at V- 23, MIDC, Taloja, Taluka Panvel, Raigad District (Kulaba), Maharashtra:**

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
	<b>Approvals relating to operation of business</b>				
1.	Renewed Factory License bearing number 079786	December 07, 2004	December 31, 2010	Factories Act, 1948	Director, Directorate of Industrial Safety and Health
2.	Revised registration certificate of contract labour bearing number ACL/Raigad/R-19/1998	February 24, 2010	-	Contract Labour (Regulation & Abolition) Act, 1970	Registering and Licensing Authority, Raigad
3.	Certificate of verification bearing number 0110544 for standard weights and measurement	June 22, 2010	June 22, 2011	Weighing (A) Provisional Act, 1985, Maharashtra Government Weighing and Measurement (Enforcement) Rule, 1987 and Reform Act, 2000	Inspector of Permit- Panvel
4.	Central Excise renewed Registration Certificate bearing number AAACG1593P XM 001	December 03, 2001	-	Central Excise Rules, 2001	Superintendent Central Excise
5.	Certificate of Registration bearing number ST/GTA/BEL/1724/2004-05	February 02, 2005	-	Finance Act, 1994	Superintendent Service Tax

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Approvals relating to Industry</b>					
6.	Acknowledgement of Industrial Entrepreneurs Memorandum bearing number 2037/SIA/IMO/2007	August 10, 2007	-	Industries (Development and Regulation) Act, 1951	Department of Industrial Policy and Promotion, Secretariat of Industrial Assistance
7.	Renewed Consumer License bearing number 54/2007 to acquire, store and consume solvent, raffinate and slop	July 25, 2007	July 24, 2012	Maharashtra Solvent, Raffinate, Slop (Licensing) Order, 2007	Additional Collector, Alibaug
8.	Renewed License bearing number KD-C-140 to manufacture cosmetics for sale	September 25, 2008	December 31, 2012	Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945.	Food and Drugs Administration
9.	Renewed License bearing number P/HQ/MH/15/1697(P7010) for storage of petroleum (Class C)	November 18, 2008	December 31, 2011	Petroleum Rules, 2002	Petroleum and Explosives Safety Organisation
10.	Renewed Licence bearing number S/HO/MH/03/598(S875) for storage of ethylene oxide gas in pressure vessels	March 16, 2009	March 31, 2011	Static and Mobile Pressure Vessel, Act 1981 Static and Mobile Pressure Vessel, Rules 1982	Petroleum and Explosives Safety Organisation
11.	Renewed Licence bearing number S/HOMH/03/576(S850) for storage of liquid nitrogen gas in pressure vessels	March 16, 2009	March 31, 2012	Static and Mobile Pressure Vessel, Act 1981 Static and Mobile Pressure Vessel, Rules 1982	Petroleum and Explosives Safety Organisation
12.	Renewed Sulphur Storage Licence bearing number 6/2008	April 20, 2010	December 31, 2010	Arms Act, 1959	Commissioner of Police, Navi Mumbai
13.	Letter of approval dated July 16, 2004 for appointment of assistant technicians	July 16, 2004	-	Medicines and Cosmetics Make-up/Adornment Act, 1940	Assistant Commissioner, Food and Medicines Administration, Thane
<b>Building approvals</b>					
14.	Letter bearing number P-12(7)4227 approving the drawings for installation of additional facilities	January 28, 1997	-	Petroleum Rules, 1976	Deputy Chief Controller of Explosives
15.	Letter of approval bearing number SPA/TLJ/V-23/9278/97 for amended building plan	December 09, 1997	-	Maharashtra Industrial Development Act, 1961	Executive Engineer, MIDC, Div. Alibaug
16.	Building Completion Certificate and Drainage Completion Certificate bearing number SPA/TLJ/V-23/9279/of 97	December 09, 1997	-	Maharashtra Industrial Development Act, 1961	Executive Engineer (Electrical), P. W. Department
17.	NOC bearing number CIDCO/Fire/504/98 from Fire Department	May 18, 1998	-	-	CIDCO
18.	Letter of permission bearing number DE/TLJ/989/98 for connecting treated effluent to MIDC's Drainage System	July 22, 1998	-	Maharashtra Industrial Development Act, 1961	Deputy Engineer, MIDC, Sub div. Taloja
19.	Letter assigning registration number E/KL/163(i) for installation of diesel generator set having a capacity of 1000 KVA	May 18, 1999	-	Bombay Electricity Duty Rules, 1962	Chief Engineer (Electrical), Public Works Department

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
20.	Renewed license to work the lift bearing number 38105	September 19, 2009	-	Bombay Lift Rules, 1958	Government of Maharashtra Industries, Energy and Labour Department
21.	Letter of permission bearing number EE/DB 630/of 2004 for enhancement of water connection from 80 mm diameter to 100 mm diameter	March 11, 2004	-	Maharashtra Industrial Development Act, 1961	Executive Engineer, MIDC, Dombivli Division, Mumbai
22.	Letter bearing number SE/VC/TECH/PNL/6573 authorising enhancement of contract demand and connected load of electricity	January 06, 1996	-	Electricity Act, 2003	Superintending Engineer, Maharashtra State Electricity Distribution Company Limited
23.	FDA plan approval bearing number 19/11-02/8	January 18, 2002	-	Drugs and Cosmetics Act, 1944; Drugs and Cosmetics Rules, 1945	Joint Commissioner, Food and Drug Division
24.	Letter bearing number R-144/09/RMJ/1645/2009 for approving the modifications in factory building plan	September 16, 2009	-	Factory Act, 1948	Joint Director, Industrial Safety and Health, Raigad
<b>Others</b>					
25.	Membership of CHW-TSDF bearing number MWML-HzZW TAL-235	-	March 31, 2014	-	Mumbai Waste Management Limited

**Unit situated at Plot No. 1, Village Chal, Near Taloja Industrial Area, Taluka Panvel, District Raigad (Kulaba) Maharashtra (Sulphonation Plant I):**

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Approvals relating to operation of business</b>					
1.	Factory Licence bearing number 079786	December 07, 2004	December 31, 2010	Factories Act, 1948	Director, Directorate of Industrial Safety and Health
2.	Green card bearing number 02179	May 29, 2009	March 31, 2014	Foreign Trade Development and Regulation Act, 1992	Development Commissioner, SEEPZ SEZ
3.	Letter of permission bearing number SEEPZ/EOU/IA-II/100/2008-09/Vol.-III/3119 for continuation of Export Oriented Undertaking project	March 26, 2009	March 31, 2014	Foreign Trade Policy 2004-09	Deputy Development Commissioner, SEEPZ SEZ
4.	Letter of approval bearing number F.No.V/Gen(30)/100%EOU/Galaxy/07/957 for renewal of licence as a private bonded warehouse	March 31, 2009	March 31, 2014	Customs Act, 1962	Assistant Commissioner, Central Excise
5.	Registration certificate of contract labour bearing number ACL/Raigad/R-19/1998	February 24, 2010	-	Contract Labour (Regulation & Abolition) Act, 1970	Registering and Licensing Authority, Raigad
6.	Certificate of verification bearing number 0283849 for standard weights and measurement	September 14, 2009	September 14, 2010	Weighing (A) Provisional Act, 1985, Maharashtra Government Weighing and Measurement (Enforcement) Rule, 1987 and	Inspector of Permit- Panvel

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
				Reform Act, 2000	
7.	Central Excise Registration Certificate bearing number AAACG1539PXM009 for operating an Export Oriented Undertaking	February 28, 2003	-	Central Excise Rules, 2002	Assistant Commissioner of Central Excise
8.	Certificate bearing number ST/GTA/BEL/1723/2004-05	February 02, 2005	-	Finance Act, 1994	Superintendent, Service Tax Commissionerate
<b>Approvals relating to Industry</b>					
9.	Acknowledgement of Industrial Entrepreneurs Memorandum bearing number 3244/SIA/IMO/2004	September 03, 2004	-	Industries (Development and Regulation) Act, 1951	Secretariat for Industrial Assistance
10.	Renewed Consumer License bearing number 82/2007	August 04, 2008	August 03, 2012	Maharashtra Solvent, Raffinate, Slop (Licensing) Order, 2007	Additional Collector, Alibaug
11.	Renewal of License bearing number KD-C-140 to manufacture cosmetics for sale	September 25, 2008	December 31, 2012	Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945.	Food and Drugs Administration
12.	Letter approving the plan for Storage of Petroleum bearing number A/P/HQ/MH/15/5494(P56380)	October 28, 2003	-	Petroleum Rules, 2002	Deputy Chief Controller of Explosives
13.	Renewal letter of license bearing number P/HQ/MH/15/5412(P56380) for installation of petroleum (Class B and C)	February 19, 2008	December 31, 2010	Petroleum Rules, 2002	Petroleum and Explosives Safety Organisation
14.	Renewed Sulphur Storage Licence bearing number 7/2008	June 19, 2008	December 31, 2010	Arms Act, 1959	Commissioner of Police, Navi Mumbai
<b>Approvals relating to environment</b>					
15.	Consent to operate bearing number BO / RONavi Mumbai/PCI-I/1536-09/R/CC-78	September 09, 2009	March 31, 2011	Water (Prevention & Control of Pollution) Act, 1974	Member Secretary, Maharashtra Pollution Control Board
<b>Building approvals</b>					
16.	Letter of permission for development of industrial building bearing number CIDCO/EE(BP)/ATPO/331	August 22, 2003	-	Maharashtra Regional and Town Planning Act, 1966	Executive Engineer, Additional Town Planning Officer
17.	Commencement Certificate bearing number CIDCO/EE(BP)/ATPO/331	August 22, 2003	-	Maharashtra Regional and Town Planning Act, 1966	Executive Engineer (Building Permission) Additional Town Planning Officer
18.	Industrial building occupancy certificate bearing number CIDCO/BP/ATPO/335	April 15, 2009	-	General Development Control Regulations	City and Industrial Development Corporation of Maharashtra Limited
19.	Registration of generation set bearing number C.E.(Elec:)/Desk-5(6)/576/2004  Letter assigning registration number C.E.(Elec:)/Desk-5(6)/576/2004 for installation of diesel generator set having a capacity of 1.9 KVA	December 13, 2004	-	Bombay Electricity Duty Rules, 1962	Chief Engineer (Electrical), Public Works Department, Mumbai



Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
20.	License to work the lift bearing number 69685	April 27, 2007	-	Bombay Lift Rules, 1958	Government of Maharashtra Industries, Energy and Labour Department
21.	FDA plan approval bearing number 29/22-04/58	February 05, 2004	-	Drugs and Cosmetics Act, 1944; Drugs and Cosmetics Rules, 1945	Joint Commissioner, Food and Drug Division
22.	Letter bearing number R-144/09/RMJ/1645/2009 for approving the modifications in factory building plan	September 16, 2009	-	Factory Act, 1948	Joint Director, Industrial Safety and Health, Raigad
<b>Others</b>					
23.	Membership of CHW-TSDF bearing number MWML-HzZW TAL-235	-	March 31, 2014	-	Mumbai Waste Management Limited

**Unit situated at Plot No. 1, Village Chal, Near Taloja Industrial Area, Taluka Panvel, District Raigad (Kulaba) Maharashtra (Sulphonation Plant II):**

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Approvals relating to Industry</b>					
1.	Acknowledgement of Industrial Entrepreneurs Memorandum bearing number 1584/SIA/IMO/2009	June 25, 2009	-	Industries (Development and Regulation) Act, 1951	Secretariat for Industrial Assistance
<b>Approvals relating to environment</b>					
2.	Consent to establish bearing number BO / RO-Navi Mumbai/RO(P & P)/ EIC-NM-1537-09/E/CC-520	December 22, 2009	-	Water (Prevention & Control of Pollution) Act, 1974	Member Secretary, Maharashtra Pollution Control Board
<b>Building approvals</b>					
3.	FDA Plan approval bearing number 15-10-312	February 20, 2010	-	Drugs and Cosmetics Act, 1944; Drugs and Cosmetics Rules, 1945	Joint Commissioner, Food and Drug Division

Our Company, vide agreement dated January 04, 1995, took over the business of M/s. Galaxy Chemicals on slump sale basis including the unit situated at W-44C, MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra. However, subsequently our Company made an application dated January 30, 2005 to the Directorate of Industrial Safety and Health to close the factory situated in this unit. Pursuant to the same, the factory has been closed down vide letter dated September 29, 2007 issued by Directorate of Industrial Safety and Health.

**PENDING APPROVALS:**

The applications made to the authorities which are pending registration are as follows:

Sr. No.	Applications	Date of Application	Authority
<b>Research Centre situated at C – 49/2, TTC Industrial Area, Pawne, Vashi, Thane – 400 703, Maharashtra</b>			
1.	Application for the registration of establishment employing contract labour	November 01, 2007	Deputy Commissioner of Labour, Thane
<b>Unit Situated At W-67(B), MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra</b>			
1.	Application for reissuing the water connection certificate	May 11, 2010	Executive Engineer, MIDC, Div

Sr. No.	Applications	Date of Application	Authority
			- 1
<b>Unit situated at N-46/1 &amp; 2, MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra</b>			
1.	Application for reissuing the water connection certificate	May 11, 2010	Executive Engineer, MIDC, Div - 1
2.	Application for allotting registration number for installing diesel generator set.	August 11, 2010	Deputy Engineer, Maharashtra State Electricity Board, Tarapur
<b>Unit situated at G-59, MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra</b>			
1.	Application for reissuing the sanction letter for water connection	July 10, 2010	Deputy Engineer, Maharashtra State Electricity Board, Tarapur
<b>Unit situated at N-231, MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra</b>			
1.	Application for reissuing the water connection certificate	May 11, 2010	Executive Engineer, MIDC, Div - 1
2.	Application for reissuing the power supply certificate	May 11, 2010	Executive Engineer, Maharashtra State Electricity Board
<b>Unit situated at RH-5, MIDC, Tarapur, Taluka Palghar, District Thane, Maharashtra</b>			
1.	Application for reissuing the water connection certificate	May 11, 2010	Executive Engineer, MIDC, Div - 1
2.	Application for reissuing the power connection certificate	May 11, 2010	Executive Engineer, Maharashtra State Electricity Board
3.	Application for drainage plan approval	May 17, 2010	Deputy Engineer, MIDC
<b>Unit situated at V- 23, MIDC, Taloja, Taluka Panvel, Raigad District (Kulaba), Maharashtra</b>			
1.	Application for renewal of consent to operate bearing number BO/RONM/PCI-I/857-07/R/CC-247 expiring on October 31, 2009	October 05, 2009	Sub Regional Officer, Maharashtra Pollution Control Board
<b>Unit situated at Plot No. 1, Village Chal, Near Taloja Industrial Area, Taluka Panvel, District Raigad (Kulaba) Maharashtra (Sulphonation Plant I)</b>			
1.	Application for Environmental Clearance for the expansion project for increasing manufacture of surfactants	November 28, 2009	Member Secretary, Environment Department
<b>Unit situated at Plot No. 1, Village Chal, Near Taloja Industrial Area, Taluka Panvel, District Raigad (Kulaba) Maharashtra (Sulphonation Plant II)</b>			
1.	Application for additional quantity of Sulphar	November 16, 2009	Commissioner of Police, Belapur
2.	Application for Consent to Operate	January 27, 2010	Sub Regional Officer, Maharashtra Pollution Control Board
3.	Application for building plan approval	January 07, 2010	Joint Commissioner, Food and Drug Administration

#### APPROVALS RELATING TO OBJECTS OF THE ISSUE:

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Unit situated at Plot No. 1 (Expansion), Village Chal, Near Taloja Industrial Area, Taluka Panvel, District Raigad (Kulaba) Maharashtra</b>					
<b>Approvals relating to operation of business</b>					
1.	Consent to establish bearing number BORO-Navi Mumbai/RO(P&P/EIC-NM-1537-09/E/CC-520)	December 22, 2009	December 22, 2014	Water (Prevention & Control of Pollution) Act, 1974	Maharashtra Pollution Control Board

Sr. No.	License / Approval	Date of Issue	Validity	Law / Regulation	Issuing Authority
<b>Unit situated at Plot No. 892, Jhagadia Industrial Estate, Taluka Jhagadia, District Bharuch, Gujarat</b>					
<b>Approvals relating to operation of business</b>					
1.	Letter of permission bearing number KASEZ/100%EOU/II/14/09-10/659 for establishment of Export Oriented Undertaking	April 16, 2010	March 31, 2014	Foreign Trade (Development and Regulation) Act, 1992	Deputy Development Commissioner, SEEPZ SEZ
<b>Approvals relating to Industry</b>					
2.	Acknowledgement of Industrial Entrepreneurs Memorandum bearing number 3823/SIA/IMO/2008	December 16, 2008	-	Industries (Development and Regulation) Act, 1951	Secretariat for Industrial Assistance
<b>Approvals relating to environment</b>					
3.	Environment Clearance Certificate bearing no.SEIAA/GUJ/EC/5(f)/102/2009	June 10, 2010	-	EIA Notification dt. September 14, 2006	State Expert Appraisal Committee, Government of Gujarat
<b>Building approvals</b>					
4.	Approval of drawings bearing no. GIDC/XEN/ANK/PB/II/JHG-91/6211	March 18, 2010	-	Gujarat Industrial Development Act, 1962	Executive Engineer. GIDC
<b>Others</b>					
5.	Membership Certificate for Common Solid Waste Disposal Facility bearing number Jhg/026	November 20, 2009	-	-	Bharuch Enviro Infrastructure Limited
6.	Allotment letter bearing number GIDC/PROJ/JHAGADIA/700 for allotment of 1,57,220.92 square meters of land in plot number 892	July 18, 2008	-	-	Gujarat Industrial Development Corporation
7.	Letter bearing number GIDC/DM(CG)/ANK/6176 for handing over possession of plot	August 20, 2008	-	-	Gujarat Industrial Development Corporation
<b>Unit of our subsidiary GC Egypt situated at Plot No. 9, Block M, The Public Free Zone, Attaka, Suez, Egypt</b>					
<b>General Corporate Approvals</b>					
8.	Decree bearing number 1674 for incorporation as joint stock company under the Public Free Zones Regime	July 13, 2009	-	-	Chairman, General Authority for Investment and Free Zones
9.	Tax Card bearing number 333-449-935	December 20, 2009	February 19, 2014	-	Ministry of Finance
<b>Approvals relating to operation of business</b>					
10.	NOC for permission of establishing a chimney at the height of 32 meters above the land	April 06, 2010	-	-	President, Egyptian Civil Aviation Authority
<b>Approvals relating to environment</b>					
11.	Consent to establish bearing number 2011	May 10, 2009	-	-	Ministry of State for Environmental Affairs

**PENDING APPROVALS RELATING TO OBJECTS OF THE ISSUE:**

The applications made to the authorities for approvals relating to the objects of the Issue which are pending registration are as follows:

**Unit situated at Plot No. 892, Jhagadia Industrial Estate, Taluka Jhagadia, District Bharuch, Gujarat:**

<b>Sr. No.</b>	<b>Applications</b>	<b>Date of Application</b>	<b>Authority</b>
1.	Application for building plan approval	August 03, 2009	Directorate of Industrial Safety & Health
2.	Application for registration of establishment for employing building workers	November 27, 2009	Directorate of Industrial Safety & Health
3.	Application for power supply	February 09, 2010	Dakshin Gujarat Vij Company Limited
4.	Application for piped natural gas supply	April 06, 2010	Gujarat Gas Company Limited

**APPLICATIONS YET TO BE MADE FOR OBJECTS OF THE ISSUE:**

The applications yet to be made to the authorities for approvals relating to the objects of the Issue are as follows:

**Unit situated at Plot No. 892, Jhagadia Industrial Estate, Taluka Jhagadia, District Bharuch, Gujarat:**

<b>Sr. No</b>	<b>Application</b>	<b>Law / Regulation</b>	<b>Authority</b>
1.	Industrial Entrepreneurs Memorandum intimating the increase in capacity	Industries (Development and Regulation) Act, 1951	Secretariat for Industrial Assistance

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## SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors have, pursuant to a resolution passed at its meeting held on September 12, 2009, authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Extra-ordinary General Meeting of the shareholders held on October 24, 2009.

We have also obtained all necessary contractual approvals required for this Issue. For further details, please refer to chapter titled “*Government/Statutory Approvals and Licences*” on page 277 of the Draft Red Herring Prospectus.

### Prohibition by SEBI, RBI or other governmental authorities

Our Company, our Subsidiaries, our Directors, our Promoters, other companies promoted by our Promoters and companies with which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Further, SEBI has not initiated any action against the entities associated with the securities market and with which our Directors are associated.

Our Company, our Subsidiaries, the directors of our Subsidiaries, our Promoters, our Group Entities or relatives of our Promoters, Directors and the companies in which the Directors are associated as directors, have not been declared as wilful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them.

### ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue in accordance with sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations as explained hereunder, eligibility criteria calculated in accordance with financial statements under Indian GAAP:

- (a) Our Company has net tangible assets of at least Rs.30 million in each of the preceding three (3) full years [of twelve (12) months each] of which not more than 50% are held in monetary assets and is compliant with Regulation 26 (1) (a) of the SEBI (ICDR) Regulations;
- (b) Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three out of immediately preceding five years and is compliant with Regulation 26 (1) (b) of the SEBI (ICDR) Regulations;
- (c) Our Company has a net worth of at least Rs.10 million in each of the preceding three full years of 12 months each and is compliant with Regulation 26 (1) (c) of the SEBI (ICDR) Regulations;
- (d) The aggregate of the proposed Issue size and all previous issues made in the same financial year is not expected to exceed five times the pre-Issue net worth of our Company and is compliant with Regulation 26(1)(d) of the SEBI (ICDR) Regulations.
- (e) There has been no change in the name of our Company in the last one year and therefore Regulation 26 (1) (e) of the SEBI (ICDR) Regulations is not applicable.

In terms of a certificate issued by M/s. P. D. Kunte & Co, Chartered Accountants, our Statutory Auditors, dated August 17, 2010 our Company satisfies the above eligibility criteria as follows:

- (a) The Company has net tangible assets of at least Rs. 30 million in each of the preceding three (3) full years [of twelve (12) months each] of which not more than 50% are held in monetary assets and is compliant with Regulation 26 (1) (a) of the SEBI (ICDR) Regulations;
- (b) The Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three out of immediately preceding five years and is compliant with Regulation 26 (1) (b) of the SEBI (ICDR) Regulations;

- (c) The Company has a net worth of at least Rs.10 million in each of the preceding three full years of 12 months each and is compliant with Regulation 26 (1) (c) of the SEBI (ICDR) Regulations;
- (d) The aggregate of the proposed Issue size and all previous issues made in the same financial year is not expected to exceed five times the pre-Issue net worth of our Company and is compliant with Regulation 26(1)(d) of the SEBI (ICDR) Regulations.
- (e) There has been no change in the name of the Company in the last one year and therefore Regulation 26 (1) (e) of the SEBI (ICDR) Regulations is not applicable.

The Company's distributable profits, net worth, net tangible assets and monetary assets derived from the Restated Standalone Financial Statements for the Fiscal 2006, 2007, 2008, 2009 and 2010 are as under:

<i>Rs in mn</i>					
Particulars	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
Distributable Profits <sup>(1)</sup>	60.70	255.25	261.79	267.02	403.42
Net Worth <sup>(2)</sup>	502.86	708.40	920.09	1139.89	1528.10
Net Tangible Assets <sup>(3)</sup>	1746.88	1804.82	2093.12	2596.53	3327.38
Monetary Assets <sup>(4)</sup>	14.86	10.99	33.06	59.19	111.21
Monetary assets as a percentage of the net tangible assets	0.85%	0.61%	1.58%	2.28%	3.34%

(1) 'Distributable profits' have been defined in terms of section 205 of the Companies Act, 1956

(2) 'Net worth' means the aggregate of the paid up share capital, share premium account and reserve and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not written off) and the debit balance in the profit and loss account.

(3) 'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India.

(4) 'Monetary assets' comprise of cash and balances in current and deposit accounts with banks and interest accrued on deposits.

Further, in accordance with sub-regulation (4) of Regulation 26 of the SEBI (ICDR) Regulations, we shall ensure that the number of prospective allottees i.e. persons to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000 failing which the entire application monies will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Our Company has and shall continue to be in compliance with the following conditions specified under Regulation 4(2) of the SEBI (ICDR) Regulations:

- (a) Our Company, our Directors, our Promoters, the members of our Promoter Group, the persons in control of our Company, and the companies with which our Directors, Promoters or persons in control are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;
- (b) Our Company has applied to the BSE and the NSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Issue through its applications dated [●] and [●] and has received the in-principle approvals from the BSE and the NSE pursuant to their letters dated [●] and [●], respectively;
- (c) Our Company has entered into agreements dated October 31, 2009 and October 26, 2009, with the CDSL and NSDL, respectively, and the Registrar to the Issue for dematerialisation of the Equity Shares;
- (d) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing the Draft Red Herring Prospectus; and
- (e) Our Company has made firm arrangements of finance through verifiable means towards seventy five per cent of the stated means of finance, excluding the amount to be raised through this Issue. For further details, please refer to paragraph titled "Means of Finance" in the chapter titled "Objects of the Issue" on page 72 of the Draft Red Herring Prospectus.

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**DISCLAIMER CLAUSE OF SEBI**

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED AND CENTRUM CAPITAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED AND CENTRUM CAPITAL LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 21, 2010 WHICH READS AS FOLLOWS:

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



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5. WE CERTIFY THAT WRITTEN CONSENTS FROM PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
  6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
  7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE - NOT APPLICABLE.
  8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
  9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE
  10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN Rs. 100 MILLION, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.
  11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
  12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
    - (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
-



- 
- (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.”

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN DRAFT RED HERRING PROSPECTUS.

**Disclaimer Statement from our Company, the Directors and the BRLMs**

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, [www.galaxysurfactants.com](http://www.galaxysurfactants.com), would be doing so at his or her own risk.

**Caution**

The BRLMs accept no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into between the Underwriters and our Company and the Issue Agreement between the BRLMs and our Company.

Our Company and the BRLMs shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers, *etc*

**The BRLMs and their associates and affiliates may engage in transactions with and perform services for our Company and associates of our Company in the ordinary course of business and have engaged and may in future engage in the provision of financial services for which they have received and may in future receive compensation.**

Neither our Company nor the BRLMs or any Syndicate Member is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

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

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**Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs.250 million, pension funds with minimum corpus of Rs. 250 million and the National Investment Fund, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to or for the account or benefit of “U.S. persons” (as defined in Regulation S of the Securities Act) except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

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

**Disclaimer Clause of the Bombay Stock Exchange Limited**

As required, a copy of the Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

**Disclaimer Clause of the National Stock Exchange of India Limited**

As required, a copy of the Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

**Filing**

A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at SEBI Bhavan, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC. The final Prospectus would be filed with the Corporation Finance Department of SEBI and the RoC at their respective addresses upon closure of this Issue and on finalization of the Issue Price.

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## **Listing**

The Equity Shares issued through the Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). In-principle approval for listing of the Equity Shares of our Company from BSE and NSE have been received *vide* their letters dated [●] and [●] respectively.

BSE will be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non-Institutional portion and Retail portion.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay without interest all money received from the Bidders in pursuance of the Red Herring Prospectus. If such money is not repaid within eight (8) days after our Company becomes liable to repay it then our Company and every Director of our Company who is an officer in default shall on and from such expiry of eight (8) days be jointly and severally liable to repay the money with interest at the rate of 15% per annum on the Bid Amount as prescribed under Section 73 of Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within twelve (12) Working Days of the Bid / Issue Closing Date.

## **Impersonation**

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

*“Any person who:*

- (a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

*shall be punishable with imprisonment for a term which may extend to five years.”*

## **Consents**

Consents in writing of: our Directors; our Company Secretary and Compliance Officer; our Auditors; Bankers to our Company; Escrow Collection Bank(s)\*; Refund Bank(s)\*; Syndicate Members\*; IPO Grading Agency\*; BRLMs; the Registrar and the legal advisors to this Issue, to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and Section 60B of the Companies Act and such consents have not been withdrawn up to the time of filing of the Draft Red Herring Prospectus with SEBI.

*\*The aforesaid will be appointed prior to filing of the Red Herring Prospectus with RoC and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with RoC.*

In accordance with the Companies Act and SEBI Regulations, M/s. P. D. Kunte & Co, our statutory auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of filing of the Draft Red Herring Prospectus with SEBI.

M/s. P. D. Kunte & Co, our statutory auditors, have given their written consent to the report on possible tax benefits accruing to our Company and its members in the form and context in which it appears in the Draft Red Herring Prospectus and has not withdrawn such consent up to the time of filing of the Draft Red Herring Prospectus with SEBI.

[●], a SEBI registered credit rating agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of filing of the Red Herring Prospectus and Prospectus with SEBI.

## **Expert Opinion**

Except the report of [●] in respect of the IPO grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus), our Company has not obtained any expert opinions.

### Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately Rs. [●] million. The estimated Issue Expenses are as follows:

Activity	Amount* (Rs. in mn)	As a % of Total Issue Expenses	As a % of Total Issue Size
Issue Management Fees (Lead Management, Underwriting & Selling Commission)	[●]	[●]	[●]
Advertisement & Marketing Expenses	[●]	[●]	[●]
Printing, Stationery & Distribution Expenses	[●]	[●]	[●]
IPO Grading Expenses	[●]	[●]	[●]
Others (including Legal Advisors Fee, Auditors Fee, Registrars Fee, SCSB commission, Regulatory Fees including filing fees paid to SEBI and Stock Exchanges)	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\* will be incorporated after finalisation of the Issue price

All expenses with respect to this Issue will be borne by our Company.

### Details of Fees Payable

#### Fees Payable to the BRLMS

The total fees payable to the BRLMs will be as per the Engagement Letter dated January 19, 2010 and Issue Agreement dated August 18, 2010 executed between our Company and BRLMs, a copy of which is available for inspection at our Registered Office from 10.00 am to 4.00 pm on working days from the date of the Draft Red Herring Prospectus until the Bid Closing Date.

#### Fees Payable to the Registrar to this Issue

The fees payable to the Registrar to this Issue, for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register, will be as per the Memorandum of Understanding dated August 20, 2010, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, and stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

#### Fees Payable to Others

The total fees payable to the Legal Advisor, Auditor, IPO Grading Agency and Advertiser etc. will be as per the terms of their respective engagement letters.

### Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for this Issue is as set out in the Syndicate Agreement to be entered into between our Company and the BRLMs. The underwriting commission shall be paid as set out in the Underwriting Agreement to be entered into based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus. Payment of underwriting commission, brokerage and selling commission would be in accordance with applicable laws.

### Previous Rights and Public Issues during Last Five Years

We have not made any previous rights and/or public issues during the last five years, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

**Previous issue of shares otherwise than for cash**

Save and except as stated in the chapter titled “*Capital Structure*” on page 57 of the Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration other than for cash.

**Commission and Brokerage on Previous Issues**

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

**Listed companies under the same Management**

There are no listed companies under the same management as our Company within the meaning of Section 370(1B) of the Companies Act, 1956 which have made any capital issues in the last three years.

**Promise versus Performance for our Company**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

**Promise versus Performance – Previous Issues of Subsidiaries and Group Entities.**

None of our Group Entities have made any public issues in the past.

**Outstanding debentures, bonds, redeemable preference shares and other instruments issued by our Company**

As on the date of filing the Draft Red Herring Prospectus with SEBI, our Company has no outstanding debentures, bonds or redeemable preference shares.

**Option to Subscribe**

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialized form only.

**Stock Market Data for our Equity Shares**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

**Mechanism for Redressal of Investor Grievances**

The Memorandum of Understanding between the Registrar and us will provide for retention of records with the Registrar for a period of at least three (3) year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar with a copy to the Company Secretary and Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

**Disposal of Investor Grievances by our Company**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances. We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven (7) days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have constituted the Shareholders' and Investors' Grievance Committee of the Board *vide* resolution passed at the meeting of our Board of Directors held on January 26, 2008. The composition of the Shareholders' and Investors' Grievance Committee is as follows:

Name of the Director	Nature of Directorship	Designation
Mr. Melarkode Ganesan Parameswaran	Independent Director	Chairman
Mr. Shekhar Ravindranath	Independent Director	Member
Mr. Shashikant Rayappa Shanbhag	Executive Director	Member
Mr. Sudhir Dattaram Patil	Non-Executive and Non-Independent Director	Member

For further details on the Shareholders' and Investors' Grievance Committee, please refer to the chapter titled "*Our Management*" on page 161 of the Draft Red Herring Prospectus.

Our Company has appointed Mr. Ganesh Kamath as the Company Secretary and the Compliance Officer and he may be contacted the following address:

**Mr. Ganesh Kamath**  
Galaxy Surfactants Limited,  
C-49/2, TTC Industrial Estate,  
Pawne, Navi Mumbai – 400 703,  
Maharashtra, India.  
**Tel. No.:** +91 - 22 - 2761 6666 / 6513 4444  
**Fax No.:** +91 - 22 - 27681 5883 / 2761 5886  
**Email:** investorservices@galaxysurfactants.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, *etc.*

#### Changes in Auditors during the last three financial years and reasons therefor

Our shareholders have appointed M/s. P. D. Kunte & Co as our Statutory Auditors for the Fiscal 2011 *vide* resolution passed by them at the AGM held on July 24, 2010.

Name of the auditors	Date of Appointment	Date of Resignation	Reason
M/s. P. D. Kunte & Co	July 24, 2010	-	Appointment
M/s. S.V. Pinge & Co.	July 18, 2009	June 1, 2010	Resignation

#### Capitalisation of Reserves or Profits

Save and except as stated in the chapter titled "*Capital Structure*" on page 51 of the Draft Red Herring Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

#### Revaluation of assets

Our Company has not revalued its assets since incorporation.

#### Tax Implications

Investors that are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, please refer the chapter titled "*Statement of Tax Benefits*" on page 93 of the Draft Red Herring Prospectus.

#### Interest of Promoters and Directors

##### Promoters

For details, please refer the chapter titled "*Our Promoters and Group Companies*" on page 168 of the Draft Red Herring Prospectus.

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**Directors**

For details, please refer the chapter titled “*Our Management*” on page 153 of the Draft Red Herring Prospectus.

**Payment or Benefit to Officers of the Company**

Galaxy Surfactants Limited Employee Welfare Trust (“**Trust**”) was established by a deed of trust dated January 07, 2010, for the benefit of all the former and existing employees including Whole-time Director of Galaxy Surfactants Limited. The trustees of the Trust are Mr. Unnathan Shekhar, Mr. Ganesh Kamath and Mr. K. Natarajan.

Galaxy Surfactants Limited, the settlor, had established the Trust with an initial corpus of Rs.1,000, which was handed over to the trustees. Our Company had granted a sum of Rs. 25,823,425 as loan to the Trust during March 2010 and the eligible employees had deposited their own money towards share application. On March 31, 2010, our Company allotted 239,850 Equity Shares of Rs.10 each at a premium of Rs. 100 each to the Trust. Subsequently, 97,350 Equity Shares were transferred by the Trust to the eligible employees (other than Whole-time Directors) at a price of Rs. 110 per Equity Share.

The Trust currently holds 142,500 Equity Shares in the Company which are currently registered in the name of its Trustees. Since the beneficiaries of the said Equity Shares are the employees of our Company, the said shareholding of the Trust does not form a part of the Promoter Group.

Except the shares held by the employees in our Company, the dividend derived therefrom and the statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

Save and except as disclosed in Annexure titled “*Related Party Transactions*” in chapter titled “*Auditors’ Report*” on page 204 of the Draft Red Herring Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

## SECTION VIII: ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

The Issue of 5,930,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●]/- per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] million. The Issue will constitute 25.07% of the fully diluted post Issue paid-up capital of our Company.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto 2,965,000 Equity Shares	Not less than 889,500 Equity Shares	Not less than 2,075,500 Equity Shares
Percentage of Issue Size available for allocation*	<p>Upto 50% of the Issue</p> <p>However, 5% of the Net QIB Portion shall be available for Allocation proportionately to Mutual Funds only.</p> <p>Mutual Funds participating in the Mutual Fund Portion will also be eligible for Allocation in the remaining Net QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available to QIBs.</p>	Not less than 15% of the Issue or the Issue less Allocation to QIBs and Retail Individual Bidders	Not less than 35% of the Issue or the Issue less allocation to QIBs and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed*	<p>In the Anchor Investor Portion, up to 889,500 Equity Shares shall be available for allocation to Anchor Investors on a discretionary basis, out of which one-third shall be available for allocation to domestic Mutual Funds<sup>#</sup></p> <p>In the Net QIB Portion proportionate as follows:</p> <p>(a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and</p> <p>(b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs (including Mutual Funds) receiving allocation as per (a) above.</p>	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the size of this Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of this Issue, subject to applicable limits.	Such number of Equity Shares whereby Bid Amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized Form	Compulsorily in dematerialized Form
Allotment Lot	[●] Equity Shares and in multiples of one (1) Equity Shares, thereafter.	[●] Equity Shares and in multiples of one (1) Equity Shares thereafter.	[●] Equity Shares and in multiples of one (1) Equity Shares thereafter.
Trading Lot/	One Equity Share	One Equity Share	One Equity Share



	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Market Lot			
Who can Apply***	A mutual fund, venture capital fund and foreign venture capital investor registered with SEBI; a foreign institutional investor and sub-account (other than a sub-account which is foreign corporate or foreign individual), registered with SEBI; a public financial institution as defined in Section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 250 million; and pension funds with minimum corpus of Rs. 250 million and National Investment Fund set up by resolution no. F. No. 2/3/2005- DDII dated November 23, 2005 of the Government of India published in the Gazette of India and Insurance funds set up and managed by Army, Navy or Air Force of the Union of India, eligible to Bid in the Issue.	Eligible NRIs, resident Indian individuals, HUF (in the name of the Karta), companies, corporate bodies, scientific institutions, societies, trusts and eligible/permitted Sub-Accounts which are foreign corporate or foreign individuals.	Resident Indian individuals, HUFs (Bidding in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.
Terms of Payment <sup>#</sup>	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.		

**Notes:**

*\* This Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to QIBs, except allocation to Anchor Investors. Our Company may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which one-third will be available for allocation to domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Price. For further details, please refer to chapter titled "Issue Procedure" on page 312 of the Draft Red Herring Prospectus. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.*

*Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than 5% of Net QIB Portion, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs on a proportionate basis, subject to valid Bids at or above Issue Price.*

*Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.*

*Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, Non-Institutional Portion or Retail Portion would be allowed to be met with spill-over from other categories or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. For further details, please refer to chapter titled "Issue Procedure" on page 312 of the Draft Red Herring Prospectus.*

*Any difference between the Anchor Investor Allocation Price and Anchor Investor Issue Price, shall be payable by Anchor Investor Pay-in Date.*

*# An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million.*

*\*\*\* In case the Bid-cum-Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form or ASBA Form, as the case may be. In case of ASBA Bidders, the relevant SCSB shall be authorised to block the Bid Amount in the ASBA Account as specified in the ASBA Form.*

#### **Bid/Issue Program\***

**BID OPENS ON\***

[•]

**BID CLOSES ON\*\***

[•]

*\* Our Company may consider participation by Anchor Investors. The Bid/ Issue Period for the Anchor Investors shall be one working day prior to the Bid/ Issue Opening Date.*

*\*\* Our Company may, in consultation with the BRLMs, decide to close the Bidding for QIBs one day prior to the Bid Closing Date.*

Except in relation to the Bids received from Anchor Investors, Bids and any revisions thereto shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA Form, the Designated Branches, **except that on the Bid Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000, which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by BRLMs to the Stock Exchanges within half an hour of such closure. Due to limitation of the time available for uploading the Bids on the Bid Closing Date, Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid Closing Date. As is typically experienced in public offerings in India, in the event a large number of Bids are received on the Bid Closing Date, Bidders are cautioned that it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will only be accepted on working days.

On the Bid Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Form as stated herein and reported by the BRLMs to the Stock Exchange within half an hour of such closure. Our Company, in consultation with BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. In such an event, the Cap Price should not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down, to the extent of 20% of the Floor Price, as disclosed advertised at least two (2) Working Days before the Bid Opening Date.

**In case of revision in the Price Band, the Bidding Period will be extended by three (3) additional working days after revision of Price Band subject to the Bidding Period not exceeding ten (10) working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.**

#### **Withdrawal of the Issue**

In accordance with the SEBI (ICDR) Regulations, our Company, in consultation with the BRLMs reserves the right not to proceed with the Issue at any time after the Bid Opening Date, but before our Board meeting for Allotment in this Issue, without assigning any reason thereof. If our Company withdraws from the Issue, it shall issue a public notice within two (2) days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one (1) day from the date of receipt of such

notification. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

In terms of the SEBI (ICDR) Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus.

#### **Letters of Allotment or Refund Orders, disposal of applications and application moneys**

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges after the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within twelve (12) Working Days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within twelve (12) Working Days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve (12) Working Days of the Bid/Issue Closing Date.

With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within twelve (12) Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA, Bidder's instructions for unblocking of the ASBA Bidder's bank account shall be made within twelve (12) Working Days from the Bid/Issue Closing Date; and

Bidders residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, under certificate of posting, and shall dispatch refund orders above Rs. 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within twelve (12) Working Days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within twelve (12) Working Days of the Bid/Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve (12) Working Days of the Bid/Issue Closing Date, which shall be completed within one day after the receipt of such instruction from the Registrar to the Issue. Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

#### **Interest in case of delay in dispatch of Allotment Letters or Refund Orders / instructions to SCSBs.**

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI (ICDR) Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within twelve (12) Working Days from the Bid/ Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within twelve (12) Working Days from the Bid/Issue Closing Date;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within twelve (12) Working Days of the Bid/Issue Closing Date.
- It shall pay interest at 15% per annum (as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act), if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case

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where the refund or portion thereof is made in electronic manner through Direct credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within twelve (12) Working Days from the Bid/Issue Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within twelve (12) Working Days of the Bid/Issue Closing Date.

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## TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the MoA and AoA of our Company, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the ASBA Form, the Revision form, the CAN, the revised CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies, FIPB and/or other authorities, as in force on the date of this Issue and to the extent applicable.

### Authority for the Issue

Our Board of Directors have, pursuant to a resolution passed at its meeting held on September 12, 2009 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Extra-ordinary General Meeting of shareholders held on October 24, 2009.

### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our MOA and AOA and shall rank *pari passu* in all respects with the other existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of Allotment.

For description of our AoA, please refer the section titled “*Main provisions of the Articles of Association*” on page 349 of the Draft Red Herring Prospectus.

### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of the Companies Act and recommended by the Board of Directors which will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

### Face Value and Issue Price

The Equity Shares with a Face Value of Rs. 10/- each are being issued in terms of the Red Herring Prospectus at a Price Band of Rs. [●]/- to Rs. [●]/- per equity share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws. The Anchor Investors will be issued shares at a price of Rs. [●]/- per equity share

The face value of the shares is Rs. 10/- each and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value.

### Compliance with SEBI (ICDR) Regulations

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders (members) of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and

- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, MoA and AoA of our Company and the Listing Agreements to be entered with the Stock Exchanges.

For further details on the main provisions of our Company's AoA dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section titled "*Main Provisions of the Articles of Association*" on page 349 of the Draft Red Herring Prospectus.

### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares of our Company shall be allotted only in dematerialized form. Hence, the Equity Shares being offered through the Red Herring Prospectus can be applied for in the dematerialised form only.

Further, as per the provisions of the SEBI (ICDR) Regulations, the trading of our Equity Shares shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allocation of Equity Shares in this Issue and Allotment will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the minimum bid lot will be decided by our Company in consultation with the BRLMs, including the relevant financial ratios computed for both the Cap Price and the Floor Price, which shall be published in English and Hindi national newspapers and a Marathi newspaper, each with wide circulation a, being the newspapers in which the pre- Issue advertisements were published, at least two (2) Working Days prior to the Bid Opening Date.

### **Joint Holders**

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

### **Jurisdiction**

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, Maharashtra, India.

### **Nomination Facility to the Investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transferred, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in this manner prescribed. Fresh nomination can only be made on the prescribed form available on request at the Registered Office of our Company or with the Registrar to the Issue.

Further, in accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon production of such evidence as may be required by the Board, elect either:

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

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective Depository Participant of the applicant would**

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**prevail. If the investors wish to change their nomination, they are requested to inform their respective Depository Participants.**

#### **Minimum Subscription**

If we do not receive the minimum subscription of 90% of the Issue including devolvement of the Underwriters within sixty (60) days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight (8) days after the issuer becomes liable to pay the amount, we shall pay interest as prescribed under Section 73 of the Companies Act.

Further, in terms of sub-regulation (4) of Regulation 26 of the SEBI (ICDR) Regulations, we shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than thousand (1000). If the number of allottees in the proposed Issue is less than 1000 allottees, our Company shall forthwith refund the entire subscription amount received.

#### **Application by Eligible NRIs, FIIs and Sub-Accounts**

It is to be distinctly understood that there is no reservation for NRIs, FIIs, Sub-Accounts or FVCIs and other Non-Residents. Such Eligible NRIs, FIIs, Sub-Accounts or FVCIs and other Non-Residents shall be treated on the same basis as other categories for the purposes of Allocation.

As per existing regulations, OCBs cannot participate in this Issue.

#### **Arrangements for Disposal of Odd Lots**

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

#### **Restriction on transfer and transmission of shares and alteration of capital structure**

There are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting except as provided in the Draft Red Herring Prospectus and in the AoA of our Company. For further details, please refer section titled "*Main Provisions of the Articles of Association of our Company*" on page 349 of the Draft Red Herring Prospectus.



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## ISSUE PROCEDURE

*This section applies to all Bidders. All Bidders can participate in this Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.*

*In respect of QIBs that are Anchor Investors, the issue procedure set out below should be read with, and is qualified by, the paragraphs below relating to Anchor Investors, including without limitation, the section on “Anchor Investor Portion”.*

*Our Company and the BRLMs are not liable for any amendments, modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus.*

### Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be available for allocation QIBs on a proportionate basis. Out of the Net QIB Portion, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price.

Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in the Issue for up to [●] Equity Shares in accordance with the applicable SEBI (ICDR) Regulations. Only QIBs can participate in the Anchor Investor Portion. For further details in relation to participation in the Anchor Investor Portion, please refer to “Bids under the Anchor Investor Portion” on page 314 of the Draft Red Herring Prospectus.

Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non - Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate or their affiliates. ASBA Bidders are required to submit their Bids to SCSBs. In case of QIBs, our Company may, in consultation with BRLMs, reject their Bids at the time of acceptance of the Bid-cum-Application Form, provided that the reasons for such rejection shall be disclosed to such QIB in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have the right to reject the Bids only on technical grounds.

Any Bidder may participate in this Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedures applicable to Bidders other than ASBA Bidders. Hence, Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process.

**Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders’ depository accounts shall be treated as incomplete and will be rejected. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.**

Further, our Company and the BRLMs are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under applicable laws, regulations or approvals. Bidders are advised to make their own enquiries about the limits applicable to them.

### Bid-cum-Application Form and ASBA Forms

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate, unless they are using the ASBA process. Bidders shall have the option to make a maximum of three Bids (in terms of number of Equity Shares and respective Bid Prices) in the Bid-Cum-Application Form and such options shall not be considered as multiple Bids. Upon completing and submitting the Bid-Cum-Application Form to a member of the Syndicate, the Bidder (other than the ASBA Bidder) is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid-Cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon determination of the Issue



Price and filing of the Prospectus with the RoC, the Bid-Cum-Application Form shall be considered as the Application Form.

Bidders can also submit their Bids through the ASBA by submitting ASBA Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained. An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making a Bid. ASBA Bidders can submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the relevant Designated Branch. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the ASBA Form. Upon completing and submitting the ASBA Form to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the Bid-Cum-Application Form for various categories is as follows:

Category	Colour of the Bid-cum-Application Form
Resident Indians including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders or Eligible NRIs applying on a non-repatriation basis.	White
Eligible NRIs applying on a repatriation basis, FIIs and their Sub-Accounts (other than a Sub - Account which is a foreign corporate or a foreign individual), FVCIs, multilateral and bilateral financial institutions and other Non-Residents.	Blue
ASBA Bidders bidding through a physical form	White

*\* Bid-Cum-Application Forms for Anchor Investors shall be made available at the offices of the BRLMs*

#### Who can Bid?

1. Indian nationals resident in India who are not minors in single or joint names (not more than three);
2. Hindu Undivided Families in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-Cum-Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
4. FIIs and their Sub-Accounts (other than a Sub-Account which is a foreign corporate or a foreign individuals);
5. State Industrial Development Corporations;
6. Insurance companies registered with the Insurance Regulatory and Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1999;
7. National Investment Fund set up by Government of India;
8. Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000;
9. Multilateral and Bilateral Development Financial Institutions;
10. Insurance funds set up and managed by army, navy or air force of the Union of India;
11. Subject to the applicable laws, provident funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;

12. Subject to the applicable laws, pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares;
13. Companies, corporate bodies and societies registered under applicable laws in India and authorised to hold and invest in equity shares;
14. Mutual Funds registered with SEBI;
15. Venture Capital Funds registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996;
16. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the SEBI (ICDR) Regulations, the regulations issued by the RBI and other regulations, as applicable);
17. Trusts based in India who are authorised under their constitution to invest in equity shares or societies registered under the Societies Registration Act, 1860, as amended and are authorised to hold and invest in equity shares;
18. Eligible / permitted Sub-Accounts which are foreign corporate or foreign individuals, bidding only under the Non-Institutional Bidder category, subject to receipt of appropriate approvals from applicable regulatory authorities;
19. Scientific and/or industrial research organisations in India authorised to invest in equity shares; and
20. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;

*In accordance with the FEMA and the regulations framed thereunder, OCBs cannot Bid in the Issue*

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that may be held by them under applicable law.

#### **Bids under the Anchor Investor Portion**

Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in the Issue for up to 889,500 Equity Shares in accordance with the applicable SEBI (ICDR) Regulations. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category. In the event of under-subscription or non Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. The key terms for participation in the Anchor Investor Portion are as follows:

1. Anchor Investors shall be QIBs as defined in the SEBI (ICDR) Regulations;
2. A Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100 million and in multiples of [●] Equity Shares thereafter. Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of Rs. 100 million;
3. One-third of the Anchor Investor Portion (i.e., 296,500 Equity Shares) shall be reserved for allocation to Mutual Funds;
4. The minimum number of allottees in the Anchor Investor Portion shall not be less than:
  - (a) Two, where the allocation under Anchor Investor Portion is up to Rs. 2,500 million; and
  - (b) Five, where the allocation under Anchor Investor Portion is more than Rs. 2,500 million.
5. Anchor Investors shall be allowed to Bid under the Anchor Investor Portion only on the Anchor Investor Bidding Date (i.e., one (1) day prior to the Bid Opening Date). Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding Date;
6. Our Company shall, in consultation with the BRLMs, finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees under the Anchor Investor Portion;

7. The number of Equity Shares allocated to successful Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs on or before the Bid Opening Date;
8. In case the Issue Price is greater than the Anchor Investor Price, any additional amount being the difference between the Issue Price and Anchor Investor Price shall be payable by the Anchor Investors by the Pay-in Date. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at the higher price i.e. Anchor Investor Price;
9. The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of thirty (30) days from the date of Allotment;
10. Neither the BRLMs, nor any person related to the BRLMs, our Promoters, members of our Promoter Group or our Group Entities, shall participate in the Anchor Investor Portion;
11. Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids; and
12. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - In case of Resident Anchor Investors: “Escrow Account – GSL Public Issue - Anchor Investor – R”
  - In case of Non-Resident Anchor Investors: “Escrow Account – GSL Public Issue – Anchor Investor – NR”

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band published by our Company, in consultation with the BRLMs in a national English and Hindi newspaper and a Marathi newspaper, each with wide circulation, at least two (2) Working Days prior to the Bid Opening Date.

#### **Bids by Mutual Funds**

As per SEBI (ICDR) Regulations, one-third of the Anchor Investor Portion will be available for allocation on a discretionary basis to domestic Mutual Funds and 5% of the Net QIB Portion has been reserved for allocation in favour of Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand from Mutual Funds is greater than 5% of the Net QIB portion, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be met by allocation proportionately out of the remainder of the Net QIB Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received at or above the price at which allocation is being done to Anchor Investors.

A separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids, provided that the Bids clearly indicate the individual scheme concerned for which the Bid has been made. Asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are being made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company, provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

#### **Bids by Eligible NRIs**

Bid-Cum-Application Forms (Blue in colour) and the physical ASBA Forms will be made available for Eligible NRIs, at our Registered Office and with the members of the Syndicate and Registrar to the Issue. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their NRE/FCNR accounts shall be considered for allotment under the Eligible NRI category on repatriable basis. Eligible NRIs intending to participate in the bidding process shall ensure that their foreign address is registered with their depository participant or furnished on the Bid-cum-Application form. Post Allotment, if any, on repatriable basis, our Company is required to file FC-GPR with the Reserve Bank of India through an authorised dealer along with a KYC (Know Your Client) report issued by their banker. Eligible NRIs who may be allotted Equity Shares of our Company in the Issue are required to facilitate the issue of the above

said report to be furnished to RBI. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid-Cum-Application Form meant for Resident Indians (White in colour). All instruments accompanying bids shall be payable in Mumbai only.

Bids by Eligible NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 1,00,000 would be considered under Non- Institutional Portion for the purposes of allocation.

#### **Bids by FIIs**

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue Equity Share capital, i.e. 2,365,737 Equity Shares. In respect of an FII Bidding on behalf of its Sub-Accounts (other than Sub-Accounts which are foreign corporate or foreign individuals bidding under the QIB Portion), the investment on behalf of each such Sub-Account shall not exceed 10% of our total issued capital or 5% of our total issued capital, in case such Sub-Account is a foreign corporate or an individual permitted to make investments by appropriate regulatory authorities. As of now, the aggregate FII holding in our Company can be upto 100 % of our total issued capital.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the FII Regulations, an FII or its Sub - Account may issue, deal or hold, off-shore derivative instruments, directly or indirectly, such as "Participatory Notes", equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of KYC requirements. A FII or Sub - Account shall also ensure that no further downstream issue or transfer of any instrument is made to any person other than a regulated entity.

#### **Bids by VCFs and FVCIs**

The VCF Regulations and the FVCI Regulations prescribe investment restrictions on VCFs and FVCIs. Accordingly, as per the current regulations, the holding by any individual VCF in one company should not exceed 25% of the corpus of the VCF. An FVCI can invest its entire funds committed for investments into India in one company. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an IPO.

Bids and revision of Bids by Non Residents including NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three (3) and in the same order as their Depository Participant Details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

#### **Participation by Associates / Affiliates of BRLMs and Syndicate Members**

The BRLMs and Syndicate Members shall not be allowed to subscribe to this Issue in any manner, except towards fulfilling their underwriting obligations as stated in the Prospectus. However, associates or affiliates of the BRLMs and Syndicate Members may Bid either in the Net QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

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**Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid-Cum-Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

**Bids by provident funds/ pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid-Cum-Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

**Authority to Bid under a Power of Attorney**

*By limited companies, corporate bodies, registered societies*

A certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the MoA and AoA and/or bye laws must be submitted along with the Bid-cum-Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

*By FIIs, FVCIs, VCFs and Mutual Funds*

A certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted along with the Bid-cum-Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

Our Company at its absolute discretion reserves the right to relax the above conditions of simultaneous lodging of the powers of attorney, subject to the terms and conditions that our Company in consultation with the BRLMs deem fit.

**ASBA Bidders**

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject such Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Bid-Cum-Application Form or the ASBA Form, as the case may be, subject to such terms and conditions that our Company and the BRLMs may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the refund order / CANs / allocation advice, the Demographic Details (as defined in "Bidder's Depository Account and Bank Account Details" on page 323 of the Draft Red Herring Prospectus) given on the Bid-Cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid cum Application Form instead of those obtained from the Depositories.

***The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits / restrictions applicable to them. Our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company, its Directors and officers, its directors, affiliates, associates and their respective directors and officers and the BRLMs are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.***

**Maximum and Minimum Bid Size**

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders shall have to ensure that the Bid Amount in the revised Bids does not

exceed Rs. 100,000. Where the Bid Amount is above Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at the Cut-Off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at the Cut-Off Price is an option given only to the Retail Individual Bidders where the Bid Amount does not exceed Rs. 100,000, indicating their agreement to the Bid and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

- (b) **For Non-Institutional Bidders and QIBs:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiple of [●] Equity Shares. A Bid cannot be submitted for more than the size of this Issue. However, the maximum Bid by a QIB should not exceed the size of this Issue, subject to the applicable investment limits prescribed for them under applicable laws. Under the SEBI (ICDR) Regulations, a QIB cannot withdraw its Bid after the Bid Closing Date. The identity of QIBs bidding in the Issue under the Net QIB Portion shall not be made public during the Bidding Period.

In case of any revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount in the revised Bids is above Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-Off Price.

- (c) **For Bidders in the Anchor Investor Portion:** The Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount is at least Rs. 100 million and in multiple of [●] Equity Shares. An Anchor Investor cannot submit a Bid for more than 30% of the QIB Portion. Bids by QIBs under the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

***Bidders are advised to make independent enquiries about the limits applicable to them and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be bid for by them under applicable laws or regulations or as specified in the Draft Red Herring Prospectus.***

#### **Information for Bidders**

- (a) Our Company will file the Red Herring Prospectus with the RoC at least three (3) days prior to the Bid / Issue Opening Date.
- (b) The BRLMs shall dispatch the Red Herring Prospectus and other issue material including ASBA Forms, to the Designated Stock Exchange, members of the Syndicate, Bankers to the Issue, investors' associations and SCSBs in advance.
- (c) Our Company and the BRLMs shall declare the Bid / Issue Opening Date, the Bid / Issue Closing Date in the Red Herring Prospectus to be filed with the RoC and shall publish the same in two (2) national newspapers (one each in English and Hindi) and one (1) Marathi newspaper, each with wide circulation. Further, the Price Band and minimum bid lot size shall be disclosed at least two (2) Working Days prior to Bid/Issue Opening Date in two (2) national newspapers (one each in English and Hindi) and one (1) Marathi newspaper, each with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the SEBI (ICDR) Regulations.
- (d) The Bidding Period shall be for a minimum of three (3) Working Days. In case the Price Band is revised, the Bidding Period shall be extended, by an additional three (3) Working Days, subject to the total Bidding Period not exceeding ten (10) Working Days. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two (2) national newspapers (one each in English and Hindi) and one (1) Marathi newspaper, each with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
- (e) The members of the Syndicate will circulate copies of the Bid-cum-Application Form to potential investors and copies of the Red Herring Prospectus shall be provided at the request of potential investors. Any potential investor who would like to obtain copies of the Red Herring Prospectus and/or the Bid-cum-Application Form can obtain the same from our Registered Office or from any BRLMs / member of the Syndicate and the Registrar to the issue.



- (f) Investors who are interested in subscribing for our Company's Equity Shares should approach the BRLMs or Syndicate Member or their authorised agent(s) to register their Bid. The Members of the Syndicate shall accept Bids from the Bidder during the Issue Period in accordance with the terms of the Syndicate Agreement. The Bids should be submitted on the prescribed Bid-Cum-Application Form only. Bid-Cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-Cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

**Bidders should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with PAN, the DP ID and Client ID available in the depository database, the Bid cum Application form is liable to be rejected.**

#### **Information specific to ASBA Bidders**

- (a) ASBA Bidders who would like to obtain the Red Herring Prospectus and / or the ASBA Form can obtain the same from the Designated Branches or the BRLMs. ASBA Bidders can also obtain a copy of the Red Herring Prospectus on the website of the Company and the website of the BRLMs as also the website of SEBI and / or the ASBA Form in electronic form on the websites of the SCSBs.
- (b) The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Forms to the SCSBs. The SCSBs will then make available such copies to investors intending to apply in this Issue through the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Forms and that the same are made available on the websites of the SCSBs.
- (c) The Bids should be submitted to the SCSBs on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- (d) The SCSBs shall accept Bids only during the Bidding Period and only from the ASBA Bidders.
- (e) ASBA Form should bear the code of the Syndicate Member and / or Designated Branch of the SCSB.
- (f) ASBA Bidders shall correctly mention the bank account number in the ASBA Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Form to the respective Designated Branch. In case the amount available in the bank account specified in the ASBA Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the application.
- (g) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the account holder as provided in the ASBA Form.
- (h) ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Form.

**The applicants should note that in the event that the Depository Participant identification number (DP ID), the client identification number (Client ID) and PAN mentioned in their Bid-cum- Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Stock Exchanges of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bid is liable to be rejected.**

#### **Method and process of Bidding**

- (a) Our Company in consultation with the Book Running Lead Managers will decide the Price Band and the minimum Bid lot for the Issue and the same shall be advertised in one English, one Hindi national newspapers, and one Marathi newspaper, each with wide circulation at least two (2) Working Days prior to the Bid Opening Date. The members of Syndicate and the SCSBs shall accept Bids from the Bidders during the Bidding Period.
- (b) The Bidding Period shall be for a minimum of three (3) Working Days and shall not exceed ten (10) Working Days. The Bidding Period maybe extended, if required, by an additional three (3) Working Days, subject to the

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total Bidding Period not exceeding ten (10) Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be published in English and Hindi national newspapers, and one Marathi newspaper, each with wide circulation and also by indicating the change on the website of the BRLMs.

- (c) During the Bidding Period, Bidders other than Anchor Investors should approach members of the Syndicate or their authorised agents to register their Bids. ASBA Bidders should approach the SCSBs to register their Bids. Anchor Investors should approach the BRLMs on the Anchor Investor Bidding Date to register their Bids.
- (d) Each Bid-Cum-Application Form will give the Bidder the choice to Bid for three optional prices within the Price Band and the requirement to specify the corresponding demand (i.e., the number of Equity Shares). For details, please refer to the paragraph below titled “*Bids at different price levels and revision of Price Band*” on page 321 of the Draft Red Herring Prospectus. The prices and demand options submitted by the Bidder in the Bid-Cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the prices, will become automatically invalid.
- (e) A Bidder cannot Bid on another Bid-Cum-Application Form after Bids on one Bid-Cum-Application Form have been submitted to any member of the Syndicate or their affiliates. Submission of a second Bid-Cum-Application Form (to either the same or to another member of the Syndicate) or an ASBA Form to any SCSB will be treated as multiple Bids and are liable to be rejected either before entering the Bid into the ‘Electronic Bidding System’, or at any point of time prior to the finalisation of the ‘Basis of Allocation’. However, the Bidder can revise a Bid through the Revision Form, the procedure for which is detailed in “*Build up of the Book and Revision of Bids*” on page 328 of the Draft Red Herring Prospectus. Bids submitted by a QIB in the Anchor Investor Portion and the Net QIB Portion will not be considered as multiple Bids.
- (f) Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid Price into the ‘Electronic Bidding System’ as a separate Bid and generate a Transaction Registration Slip (“**TRS**”), for each Bid Price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-Cum-Application Form.
- (g) All Bidders will make payment of entire Bid Amount along with the Bid-Cum-Application Form, in the manner described in “*Payment Instructions*” on pages 331 of the Draft Red Herring Prospectus.
- (h) For the Bidders who apply through the ASBA process, SCSBs shall block the Bid Amount in an ASBA Account. Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block an amount equivalent to the Bid Amount and authorized the Designated Branch to block the Bid Amount in the ASBA Account.
- (i) Upon receipt of the ASBA Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form, prior to uploading such Bids with the Stock Exchanges.
- (j) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- (k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a TRS. The TRS shall be furnished to the ASBA Bidder on request.
- (l) The Bid Amount shall remain blocked in the ASBA Account until finalization of the ‘Basis of Allocation’ or withdrawal/failure of the Issue or withdrawal/rejection of the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the Bid shall be rejected by the SCSB and no funds shall be blocked in that ASBA Account.
- (m) The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be Allocated to the ASBA Bidders.



- (n) The ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.
- (o) On the Designated Date, the SCSBs shall initiate transfer of the blocked Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked. Not more than five ASBA Forms can be submitted when utilizing an ASBA Account.

#### **Bids at different price levels and revision of Price Band**

- (a) The Bidder can Bid at any price within the Price Band, in multiples of Re. 1 (Rupee One). In accordance with the SEBI (ICDR) Regulations, our Company in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period. The Cap Price should not be more than 120% of the Floor Price. The Floor Price can move up or down to the extent of 20% of the Floor Price advertised at least two (2) Working Days before the Bid Opening Date. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi) and one Marathi newspaper, each with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
- (b) Our Company shall finalise the Issue Price and Anchor Investor Price within the Price Band in consultation with the BRLMs, without the prior approval of or intimation to the Bidders. Retail Individual Bidders bidding at a Bid Price, for an amount not exceeding Rs. 100,000 may Bid at the Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (c) Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at the Cut-Off Price shall deposit the Bid Amount in the applicable Escrow Accounts based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-Off Price, the Retail Individual Bidders who Bid at Cut-Off Price shall receive the refund of the excess amounts from the respective Escrow Accounts in the manner described under “*Payment of Refunds*” on page 343 of the Draft Red Herring Prospectus.
- (d) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at the Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if such Retail Individual Bidders want to continue to bid at the Cut-Off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. In case the Retail Individual Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision in the Price Band, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required and such Retail Individual Bidder is deemed to have approved such revised Bid at the Cut-Off Price.
- (e) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-Off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts. In case of downward revision in the Price Band, the number of Equity Shares bid for shall be adjusted upwards to the higher Bid lot for the purpose of Allotment.
- (f) In the event of any revision in the Price Band, whether upwards or downwards, our Company in consultation with the BRLMs shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application is in the range of Rs. 5,000 to Rs. 7,000.
- (g) When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the Bidder’s responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

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## GENERAL INSTRUCTIONS

### Do's:

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus under applicable laws, rules and regulations;
- (b) Read all the instructions carefully and complete the prescribed Bid-Cum-Application Form;
- (c) Ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is activated as allotment of Equity Shares will be in the dematerialised form only;
- (d) Ensure that the Bid-Cum-Application Forms submitted at the Bidding Centres bear stamp of a member of the Syndicate or their affiliates;
- (e) Ensure that you have collected TRSs for all options in your Bid;
- (f) Ensure that you Bid within the Price Band;
- (g) Ensure that you submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (h) Ensure that you have mentioned your PAN allotted under the IT Act;
- (i) Ensure that the Demographic Details are updated, true and correct in all respects; and
- (j) Ensure that the name(s) given in the Bid-Cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid-Cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-Cum-Application Form.

### Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid or revise Bid to a price lesser than the Floor Price or higher than the Cap Price;
- (c) Do not Bid for allotment of Equity Shares in physical form;
- (d) Do not Bid on another Bid-Cum-Application Form after you have submitted a Bid to a member of the Syndicate or their affiliates;
- (e) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- (f) Do not send Bid-Cum-Application Forms by post; instead submit the same to a member of the Syndicate;
- (g) QIBs and Non-Institutional Bidders should not Bid at Cut-Off Price;
- (h) Do not Bid such that the Equity Shares bid for exceeds the size of this Issue, subject to the applicable investment limits under the applicable laws or regulations;
- (i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
- (j) Do not submit the Bid without payment of the entire Bid Amount; and
- (k) Do not Bid at Bid Amount exceeding Rs. 100,000 in case of a Bid by Retail Individual Bidders bidding at Cut-Off Price.

## INSTRUCTIONS SPECIFIC TO ASBA BIDDERS

### Do's:

- (a) Check if you are eligible to Bid under ASBA.
- (b) Ensure that you use the ASBA Form specified for the purposes of ASBA.
- (c) Read all the instructions carefully and complete the ASBA Form.
- (d) Ensure that your ASBA Form is submitted at a Designated Branch where the ASBA Account is placed and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue or the BRLMs.
- (e) Ensure that the ASBA Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder.
- (f) Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.
- (g) Ensure that you have funds equal to the number of Equity Shares bid for available in the ASBA Account before submitting the ASBA Form to the Designated Branch.
- (i) Ensure that you have correctly checked the authorisation box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.
- (j) Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.
- (k) Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the

beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

- (l) Ensure that the demographic details are updated, true and correct in all respects

**Don'ts:**

- (a) Do not Bid on another ASBA Form or on a Bid-Cum-Application Form after you have submitted a Bid to a Designated Branch.
- (b) Payment of Bid Amounts in any mode other than through blocking of Bid Amounts in the ASBA Accounts shall not be accepted under the ASBA.
- (c) Do not send your physical ASBA Form by post. Instead submit the same to a Designated Branch.
- (d) Do not submit more than five ASBA Bid cum Application Forms per bank account;
- (e) Do not instruct your respective banker to release the funds blocked in the ASBA account under the ASBA process
- (f) QIBs and Non-Institutional Bidders should not Bid at Cut-Off Price
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the size of the Issue and/or the investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations
- (h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

**INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM AND ASBA FORMS**

- (a) Bid-Cum-Application Forms or Revision Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus.
- (b) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name of joint name (not more than three, and in the same order as their Depository Participant details).
- (c) Bids through ASBA must be:
  - Made only in the prescribed ASBA Form (if submitted in physical mode) or the electronic mode.
  - Made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant).
  - Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the ASBA Form.
  - For a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of [●] Equity Shares. Bid by an ASBA Bidder falling under the Retail Individual Bidder category cannot exceed [●] Equity Shares in order to ensure that the Bid Amount blocked in the ASBA Account does not exceed Rs. 100,000.
- (d) ASBA Bidders should correctly mention the ASBA Account number and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the Designated Branch, otherwise the concerned SCSB shall reject the Bid.
- (e) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the ASBA Form.
- (f) Bidders should correctly mention their DP ID and Client ID in the Bid-Cum-Application Form, or the ASBA Form, as the case may be. For the purpose of evaluating the validity of Bids, the Demographic Details of Bidders shall be derived from the DP ID and Client ID mentioned in the Bid cum Application Form, or the ASBA Form, as the case may be.
- (g) For ASBA Bidders, the Bids in physical mode should be submitted to the SCSBs on the prescribed ASBA Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.
- (h) ASBA Forms should bear the stamp of the Syndicate Member and/or Designated Branch. ASBA Forms which do not bear the stamp will be rejected.

**Bidder's Depository Account and Bank Details**

Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant identification number and beneficiary account number provided by them in the Bid-Cum-Application Form the Registrar to the Issue will obtain from the Depository Participant the demographic details of the Bidders such as their address, PAN, bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These Demographic Details would be used for giving refunds (including through physical

refund warrants or through electronic transfer of funds such as through direct credit, NECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant and provide the Demographic Details. Failure to do so could result in delays in dispatch / credit of refunds to Bidders at the Bidders' sole risk and neither our Company, its Directors and officers, nor the BRLMs nor the Registrar to the Issue nor the Escrow Collection Banks nor their affiliates, associates or their respective directors and officers shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in details of their Depository Account and Demographic Details in the Bid-Cum-Application Form.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, Depository Participant identification number and beneficiary account number provided by them in the ASBA Form, the Registrar to the Issue will obtain from the Depository, Demographic Details of the ASBA Bidders including address.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/CANs/allocation advice and refunds through physical refund warrants or for refunds through electronic transfer of funds such as through direct credit, NECS, NEFT and RTGS, as applicable.

The Demographic Details given by Bidders in the Bid-Cum-Application Form will not be used for any other purpose by the Registrar to the Issue.

**Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-Cum-Application Form would be used only to ensure re-dispatch of refund orders. Any such delay shall be at the Bidders' sole risk and neither our Company, its Directors and officers, nor the BRLMs nor the Registrar to the Issue nor the Escrow Collection Banks nor their affiliates, associates or their respective directors and officers shall be liable to compensate the Bidders for any losses caused to the Bidders due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories which match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity ("DP ID") and the beneficiary's identity, then such Bids are liable to be rejected.

By submitting the Bid-Cum-Application Form or the ASBA Form, the Bidder or the ASBA Bidder, as the case may be, would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on their records.

Our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice or for refunds through electronic transfer of funds, the Demographic Details given on the Bid-Cum-Application Form should be used (and not those obtained from the Depository). In such cases, the Registrar to the Issue shall use Demographic Details as given in the Bid-Cum-Application Form instead of those obtained from the Depositories.

**IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM OR THE ASBA FORM, AS THE CASE MAY BE. BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM OR THE ASBA FORM, AS THE CASE MAY BE, IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IF THE BID-CUM-APPLICATION FORM OR THE ASBA FORM, AS THE CASE MAY BE, IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM, OR THE ASBA FORM, AS THE CASE MAY BE.**

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

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## OTHER INSTRUCTIONS

### Joint Bids in the case of individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made out in favour of the Bidder whose name appears first in the Bid-Cum-Application Form or Revision Form. All communications will be addressed to the first Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository. Further, ASBA Bids may be made in single or joint names (not more than three). In case of joint Bids by ASBA Bidders, all communication will be addressed to the first Bidder and will be dispatched to his address.

### Multiple Bids

A Bidder should submit only one Bid (and not more than one). Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. The PAN of the first/sole Bidder as furnished in the Bid-Cum-Application Form or as recorded with the Depositories shall be the criteria to identify multiple Bids.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids, provided that the Bid-Cum-Application Form clearly indicates the scheme for which the Bid has been made. QIBs can Bid under the Anchor Investor Portion and also in the QIB Portion and such Bids shall not be treated as multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- (a) PAN will be sole criteria for weeding out multiple applications with exception to be taken care of for Mutual Fund applications under different schemes with the same PAN, FII applications under different sub-accounts with same PAN, PMS applications for different schemes with same PAN and individual application by PAN exempted cases such as Sikkim applicants and other specific PAN exempted category.
- (b) All Bids will be checked for common PAN and will be accumulated and taken to a separate process file which would serve as a multiple master.
- (c) In this master document, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master document.
- (d) The Registrar to the Issue will obtain from the depositories, details of the applicant's address based on the DP ID and beneficiary account number provided in the Bid-Cum-Application Form and create an address master.
- (e) The addresses of all these applications from the multiple master documents will be strung from the address master document. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with the same name and same address will be treated as multiple applications.
- (f) The applications will be scanned for similar DP ID and beneficiary account numbers. In cases where applications bear the same DP ID or beneficiary account numbers, they will be treated as multiple applications.

Upon completion, the applications may be identified as multiple applications. Our Company in consultation with the BRLMs, reserves the right to reject at their absolute discretion, all or any multiple Bids in any or all categories.

Cases where there are more than 20 valid applicants having a common address shall be reported to the Stock Exchanges and other appropriate regulatory authorities such as the SEBI and such Equity Shares will be kept in abeyance post Allotment and will be released on receipt of appropriate confirmation from such authorities.

An ASBA Bidder should submit only one Bid. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is the same.

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**Permanent Account Number or PAN**

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values, each of the Bidders, whether bidding in their name or in joint names, should mention their PAN. Applications without this information will be considered incomplete and are liable to be rejected.

However, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants' verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on that ground.**

**Impersonation**

Attention of the applicants is specifically drawn to the provisions of Section 68A(1) of the Companies Act, which is reproduced below:

*“Any person who:*

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name*

*shall be punishable with imprisonment for a term which may extend to five years.”*

**Submission of the Bid-Cum-Application Form**

All Bid-Cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate or their affiliates at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid-Cum-Application Forms or Revision Forms. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-Cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-Cum-Application Form for the records of the Bidder.

**Electronic registration of Bids by Bidders, other than ASBA Bidders**

- (a) The members of the Syndicate will register the Bids received during the Bidding Period using the online facilities of the Stock Exchanges. There will be at least one facility for on-line connectivity in each city where a stock exchange is located in India and where Bids are being accepted.
- (b) The Stock Exchanges will offer a screen-based facility for registering Bids for this Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the members of the Syndicate and the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation under this Issue. Bids will only be accepted on Working Days.
- (c) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be uploaded on a regular basis, consolidated and displayed on-line at all Bidding Centres and the websites of the Stock Exchanges (i.e., [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)). A graphical representation of consolidated demand and price would be made available at the Bidding Centres and on the websites of the Stock Exchanges. Details of allocation made to Anchor Investors shall also be made available on the websites of the Stock Exchanges.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:



- Name of the Bidder(s): Bidders should ensure that the name given in the Bid-Cum-Application Form is exactly the same as the name in which the depository account is held. In case the Bid-Cum-Application Form is submitted in joint names, Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid-Cum-Application Form;
  - Investor Category – Individual, Corporate, QIB, FII, FVCI, Eligible NRI or Mutual Fund, etc.;
  - Numbers of Equity Shares Bid for;
  - PAN;
  - Bid-Cum-Application Form number;
  - Bid Amount and Price Option;
  - DP ID and client identification number of the beneficiary account of the Bidder; and
  - Cheque Details (Cheque amount and Cheque Number).
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to collect the TRS from the members of the Syndicate. Such TRSs will be non-negotiable and by themselves will not create any obligation of any kind. The registration of the Bid by a member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- (f) In case of QIBs bidding in the Net QIB Portion, the members of the Syndicate have the right to accept or reject the Bids. Rejection of Bids made by QIBs, if any, will be made at the time of acceptance of Bids provided that the reasons for such rejection shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in "*Grounds for Technical Rejections*" on page 333 of the Draft Red Herring Prospectus
- (g) The permission given by the Stock Exchanges to use their network and software of the online IPO system should neither in any way be deemed or construed to mean compliance with various statutory and other requirements by our Company and/or the BRLMs nor approval in any way, of the Stock Exchanges, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the statutory and other compliance requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (h) It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed to signify that the Red Herring Prospectus or the Draft Red Herring Prospectus have been cleared or approved by the Stock Exchanges, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or the Draft Red Herring Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

#### Electronic registration of Bids by ASBA Bidders

Upon receipt of the ASBA Form, the Designated Branch shall register and upload the Bid. **Our Company, our Directors and officers, the Registrar to the Issue, the BRLMs, their affiliates and associates and their respective directors and officers shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking adequate funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the ASBA Account.**

At the time of registering each Bid, the Designated Branches shall enter the information pertaining to the investor into the online IPO system, including the following details:

- Name of the Bidder(s);
- Application number;
- PAN;
- Investor Category and Sub-Category:

RETAIL	NON-INSTITUTIONAL	QIB
(No sub-category)	Individual	Mutual Funds
	Corporate	Financial Institutions
	Others	Insurance Companies
		FIIs (other than individual sub-accounts)

		Others
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- Number of Equity Shares Bid for;
- Depository Participant Identification Number and Client identification number of the Bidder's beneficiary account;
- Price;
- Bank Account Number;
- Cheque Amount; and
- Cheque Number

In case of electronic ASBA Form, the ASBA Bidder shall fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchanges.

A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branch.** The registration of the Bid by the Designated Branch does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidder. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

The Stock Exchanges offer a screen-based facility for registering Bids which will be available on the terminals of Designated Branches during the Bidding Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid Closing Date, the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.

Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for Allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches, the decision of the Registrar to the Issue, in consultation with the BRLMs, our Company and the Designated Stock Exchange, based on the physical records of the ASBA Forms shall be final and binding on all concerned.

The Syndicate or the SCSB, as the case may be, will be responsible for any error in the Bid details uploaded by them in the on-line IPO system of the Stock Exchanges. The BRLMs, the Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commission in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

## **BUILD UP OF THE BOOK AND REVISION OF BIDS**

### **Build up of the Book and Revision of Bids (For Bidders other than ASBA Bidders)**

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available from the BRLMs on a regular basis.
3. During the Bidding/Issue Period, any Bidder who has registered his or her Bid at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed.



6. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.
7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In the case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.
9. Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation/Allotment.

**Build up of the book and revision of Bids (For ASBA Bidders)**

1. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLMs, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.
3. During the Bidding/Issue Period, any ASBA Bidder who has registered his/ her or its interest in the Equity Shares at a particular price level is free to revise his/ her or its Bid within the Price Band using the printed ASBA Revision Form, which is a part of the ASBA Form. Revisions can be made in both the desired number of Equity Shares and the Bid Amount (including the price per Equity Share) by using the ASBA Revision Form. Apart from mentioning the revised options in the revision form, the ASBA Bidder must also mention the details of all the options in his/ her or its ASBA Form or earlier ASBA Revision Form. For example, if an ASBA Bidder has Bid for three options in the ASBA Form and he is changing only one of the options in the ASBA Revision Form, he is required to fill in the details of the remaining two options that are not being revised, in the ASBA Revision Form. The SCSB will not accept incomplete or inaccurate Revision Forms.
4. The ASBA Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.
5. Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.
6. When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
7. The SCSBs shall provide aggregate information about the numbers of ASBA Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the BRLMs, our Company and the Selling Shareholders and the Designated Stock Exchange, in this regard shall be final and binding.

8. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

#### **Bids and Revisions of Bids**

##### **Bids and Revisions of Bids must be:**

- (a) Made only on the prescribed Bid-Cum-Application Form or Revision Form, as applicable (White or Blue in colour).
- (b) Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (c) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus, in the Bid-Cum-Application Form or in the Revision Form. Incomplete Bid-Cum-Application Forms or Revision Forms are liable to be rejected.
- (d) Bids by Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to a maximum Bid Amount of Rs. 100,000.
- (e) Bids by QIBs bidding in the Net QIB Portion and Non-Institutional Bidders must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of this Issue, subject to applicable investment limits under laws or regulations to the Bidders. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date and QIBs bidding in the Net QIB Portion cannot withdraw their Bids after the Bid Closing Date.
- (f) In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. As per the provisions of SEBI (ICDR) Regulations, the Cap Price should not be more than 20% of the Floor Price, i.e., the Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the revised Floor Price Band can move up or down to the extent of 20% of the Floor Price disclosed in the Red Herring Prospectus or the issue advertisement, as the case may be.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at the Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000 for the Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. In case of Retail Individual Bidders who do not revise the Bid or make additional payment, where the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from such Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts. In case of downward revision in the Price Band, the number of Equity Shares Bid for shall be adjusted upwards to the higher Bid lot for the purpose of Allotment.
- (i) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

##### **Bids by Non-Residents, including Eligible NRIs and FIIs on repatriation basis Bids and revision to the Bids must be made:**

- (a) On the Bid-Cum-Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- (b) In a single name or joint names (not more than three and in the same order as their Depository Participant details).

- (c) In the names of individuals, or in the names of FIIs or FVCIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees in case of Bids by Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, FVCIs etc. on a repatriation basis.

Eligible NRIs bidding with a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under the Non-Institutional Portion for the purposes of allocation. Other Non Resident Bidders must bid for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000. For further details, please refer to paragraph titled “*Maximum and Minimum Bid Size*” on page 317 of the Draft Red Herring Prospectus.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which are received from the Depositories as part of the Demographic Details of the first/sole Bidder or in the space provided for this purpose in the Bid-Cum-Application Form. Neither our Company, its Directors and officers, nor the BRLMs nor the Registrar to the Issue nor the Escrow Collection Banks nor their affiliates, associates or their respective directors and officers shall be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

## **PAYMENT INSTRUCTIONS**

### **Escrow mechanism for Bidders other than ASBA Bidders**

Our Company and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the entire Bid Amount from Bidders would be deposited in the Escrow Account with the Escrow Collection Bank(s), which will hold the monies deposited in the Escrow Account for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of this Issue from the Escrow Account into the Public Issue Account and the balance amount to the Refund Account(s), as per the terms of the Escrow Agreement and the Red Herring Prospectus.

Bidders should note that the escrow mechanism is neither provided under any law or regulation nor has been prescribed by SEBI. The escrow mechanism has been established as an arrangement amongst our Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

### ***Terms of Payment and Payment into Escrow Accounts***

- (a) The Bidders shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. Bid-cum-Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.
- (b) The payment instruments for payment into the Escrow Account should be drawn in favour of:
- In case of Resident Anchor Investors: “Escrow Account – GSL Public Issue - Anchor Investor – R”
  - In case of Non-Resident Anchor Investors: “Escrow Account – GSL Public Issue – Anchor Investor – NR”
  - In case of resident QIBs: “Escrow Account– GSL Public Issue – QIB – R”
  - In case of Non-Resident QIBs: “Escrow Account– GSL Public Issue – QIB – NR”
  - In case of resident Retail and Non-Institutional Bidders: “Escrow Account – GSL Public Issue – R”
  - In case of Non-Resident Retail and Non-Institutional Bidders: “Escrow Account – GSL Public Issue – NR”
- (c) In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment by an Eligible NRI applying on repatriation basis will not be accepted out of NRO Account and such Bids are liable to be rejected. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

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- (d) In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE Account or FCNR Account or NRO Account.
- (e) In case of Bids by FIIs or FVCIs, the payment should be made out of funds held in 'Special Rupee Account' along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to 'Special Rupee Account'.
- (f) In case of Bids by Anchor Investors under the Anchor Investor Portion, if the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them. Our Company shall in consultation with the BRLMs, in its absolute discretion, decide the list of Anchor Investors to whom the provisional CAN or CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of such Equity Shares in their respective names shall be notified to such Anchor Investors.
- (g) Anchor Investors are required to pay the entire Bid Amount at the time of submission of the Bid cum Application Form by drawing a cheque or demand draft for the entire Bid Amount in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid cum Application Form is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted.
- (h) Our Company in consultation with the BRLMs in their absolute discretion, shall decide the list of Anchor Investors to whom the CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of the amounts payable, if any for allotment of such Equity Shares in their respective names shall be notified to such Anchor Investors.
- (i) The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders.
- (j) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) into the Public Issue Account as per the terms of the Escrow Agreement.
- (k) On the Designated Date and no later than twelve (12) Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
- (l) Payments should be made by cheque or demand draft drawn on any bank (including a co-operative bank), which is located at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-Cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Payment through cash or stockinvest or money orders or postal orders will not be accepted.
- (m) Bidders are advised to mention the number of the Bid-Cum-Application Form on the reverse of the cheque or demand draft to avoid misuse of the payment instrument submitted along with the Bid-Cum-Application Form.
- (n) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

#### **Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal / rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum

Application Form, failure of the Issue or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account within twelve (12) working days from the Bid/Issue Closing Date and the SCSBs shall unblock the Bid Amount within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the ASBA Bid, as the case may be.

#### **Payment by Stockinvest**

Under the terms of the RBI Circular no. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stockinvest would not be accepted in this Issue.

#### **The right of our Company to reject Bids**

Our Company, in consultation with BRLMs, may reject Bids received from QIB Bidders in the Net QIB Portion provided the reason for such rejection is provided in writing to such QIB Bidders at the time of rejection of the Bids. Further, our Company, in consultation with BRLMs, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have the right to reject Bids based on technical grounds only. Consequent refunds shall be made in the manner described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

#### **Right to reject ASBA Bids**

The Designated Branches shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the ASBA Account.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

#### **Withdrawal of ASBA Bids**

The ASBA Bidders are entitled to revise their Bids. ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the SCSBs who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

In case an ASBA Bidder (other than QIB bidding through an ASBA Form) wishes to withdraw the Bid after the Bid Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalization of the 'Basis of Allocation'.

#### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid is less than the Bid Amount payable;
2. Age of first/sole Bidder not given;
3. Application on plain paper;
4. Bids submitted without payment of the entire Bid Amount.
5. Bid submitted in the name of the partnership firm instead of the names of the individual partners as no partnership firm shall be entitled to apply in its name;
6. Bid by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
7. PAN not mentioned in the Bid-Cum-Application Form, except in the case of Bids on behalf of the Central Government, State Government, and the officials appointed by courts as per SEBI circular dated June 30, 2008 and

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- Bidders residing in the State of Sikkim, subject to verification of documentary evidence in support of their residence;
8. Bids for lower number of Equity Shares than specified for that category of investors;
  9. GIR number furnished instead of PAN;
  10. Bids at a price less than the Floor Price;
  11. Bids at a price more than the Cap Price;
  12. Bids at Cut-Off Price by QIBs and Non-Institutional Bidders;
  13. Bids or revision thereof by QIBs and Non-Institutional Bidders where the Bid amount is in excess of Rs. 100,000, uploaded after 4.00 p.m (Indian Standard Time) or any such time as prescribed by Stock Exchange on the Bid Closing Date;
  14. Bids by QIBs not submitted through the members of the Syndicate or their affiliates;
  15. Bids by OCBs;
  16. Bids for a number of Equity Shares which are not in multiples of [●];
  17. Category under which the Bid is intended to be submitted has not been ticked;
  18. Multiple Bids as described in the Red Herring Prospectus;
  19. Relevant documents not submitted in case of Bids under power of attorney;
  20. Bids accompanied by stockinvest, money order, postal order or cash;
  21. Signatures of sole and/or joint Bidders missing;
  22. Bid-Cum-Application Form does not have the stamp of a member of the Syndicate;
  23. Bid-Cum-Application Form does not have Bidder's depository account details or the details given are incomplete;
  24. Bid is not registered by the Bidders within the time prescribed and as per the instructions in the Bid-Cum-Application Form;
  25. Bid-Cum-Application Form is not submitted or does not contain required details as per the instructions provided in the Red Herring Prospectus and the Bid-Cum-Application Form;
  26. No corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the Depository Participant's identity (DP ID) and the beneficiary's account number;
  27. Bids for amounts greater than the size of the Issue or the maximum permissible investment limits prescribed under the applicable laws and regulations;
  28. Bids in respect of which the Bid-Cum-Application Form does not reach the Registrar to the Issue prior to the finalisation of the 'Basis of Allocation';
  29. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
  30. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
  31. Bids not uploaded in the book;
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32. Bids by persons who are not eligible to acquire Equity Shares in terms of any applicable law, rule, regulation, guideline or approval;
  33. Bids for allotment of Equity Shares in physical form; and
  34. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

#### **Grounds for Technical Rejections specific to the ASBA Process**

ASBA Bidders are advised to note that Bids under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no partnership firm as such shall be entitled to apply;
2. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
3. Bid Amount mentioned in the ASBA Form does not tally with the amount payable for the value of Equity Shares bid for;
4. Age of the first Bidder not given;
5. PAN not stated, or GIR number furnished instead of PAN;
6. Bids for number of Equity Shares, which are not in multiples of [●];
7. Bids for a value of more than Rs. 100,000 by ASBA Bidders falling under the category of Retail Individual Bidders;
8. Authorisation for blocking funds in the ASBA Account not ticked or provided;
9. Signature of sole and/or joint Bidders missing in case of ASBA Forms submitted in physical mode;
10. ASBA Form does not have the Bidder's depository account details;
11. In case of Bid under power of attorney, relevant documents are not submitted;
12. ASBA Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Form and the Red Herring Prospectus;
13. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account;
14. Multiple bids as described in Red Herring Prospectus; and
15. In case no corresponding record is available with the Depositories that matches two parameters namely, the DP ID and the beneficiary account number.

#### **Price Discovery and Allocation**

1. After the Bid Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss the pricing strategy with our Company. The Registrar to the Issue shall aggregate the demand generated under the ASBA and provide the same to the BRLMs.
2. Our Company, in consultation with BRLMs, shall finalise the Issue Price. The Anchor Investor Price shall also be finalised by our Company in consultation with the BRLMs.
3. Our Company may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Price, out of which one-third will be available for allocation to domestic



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Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIBs in proportion to their Bids.

4. Not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, in a manner specified in the SEBI (ICDR) Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price.
5. Under-subscription, if any, in the QIB Portion, Non-Institutional portion or the Retail Individual Portion would be met with spill-over from any other category, at the discretion of our Company, in consultation with BRLMs and the Designated Stock Exchange.
6. In the event of an oversubscription in the Net QIB Portion, all QIBs who have submitted Bids above the Issue Price in the QIB Portion shall be allocated Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion. In the event of an oversubscription in the Non-Institutional Portion and Retail Portion, allocation shall be made on a proportionate basis.
7. Any oversubscription to the extent of 10% of this Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allocation'.
8. Allocation to Eligible NRIs, FIIs, eligible/permitted Sub-Accounts, Mutual Funds or FVCIs will be subject to applicable law, rules, regulations, guidelines and the terms and conditions stipulated in approvals, if any, obtained from regulatory authorities such as the SEBI and the RBI.
9. The BRLMs, in consultation with our Company, shall notify the Syndicate Members of the Issue Price and the Anchor Investor Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
10. Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue in accordance with SEBI (ICDR) Regulations. Provided, if our Company withdraws the Issue after the Bid Closing Date, the reason thereof shall be provided within two (2) days of the Bid Closing Date by way of a public notice in the same newspapers where the pre-Issue advertisement had appeared. The Stock Exchanges shall also be informed promptly.
11. In terms of the SEBI (ICDR) Regulations, QIBs bidding in the Net QIB Portion shall not be allowed to withdraw their Bids after the Bid Closing Date. Further, Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bidding Date.
12. Our Company, in consultation with the BRLMs, reserves the right to reject any Bid procured from QIBs. Rejection of Bids made by QIBs, if any, will be made at the time of acceptance of Bids provided that the reasons for such rejection shall be provided to such Bidder in writing.
13. The Allotment details shall be put on the website of the Registrar to the Issue.
14. Bids received from ASBA Bidders will be considered at par with Bids received from other QIBs, Non-Institutional Bidders and Retail Individual Bidders. No preference shall be given to ASBA Bidders *vis-à-vis* other QIBs, Retail Individual Bidders and Non-Institutional Bidders or vice versa. The 'Basis of Allocation' to such valid ASBA Bidders will be that applicable to QIBs, Non-Institutional Bidders and Retail Individual Bidders.



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**Announcement of pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish an advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation.

**Advertisement regarding Issue Price and Prospectus**

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

**Signing of Underwriting Agreement and RoC Filing**

Our Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.

After signing the Underwriting Agreement, our Company would update and file the Prospectus with RoC. The Prospectus will have details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects, subject to finalization of the 'Basis of Allocation'.

**Filing of the Red Herring Prospectus and the Prospectus with the RoC**

Our Company will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

**Issuance of CAN**

- (a) On approval of the basis of Allotment by the Designated Stock Exchange and on Allotment by the Board of Directors or any committee constituted thereof, the Registrar to the Issue shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been Allotted Equity Shares in the Issue. For Anchor Investors, please refer to paragraph titled "*Notice to Anchor Investors: Allotment/Reconciliation and Revised CANs.*" below.
- (b) The Registrar to the Issue will then dispatch an allotment advice to the Bidders who have been Allotted Equity Shares in this Issue.
- (c) The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the bidders for all the Equity Shares allotted to such Bidders

**Notice to Anchor Investors: Allotment / Reconciliation and revised CANs**

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Company and the BRLMs, selected Anchor Investors will be sent an Anchor Investor Allocation Notice and/or a revised Anchor Investor Allocation Notice, as the case may be. All Anchor Investors will be sent Anchor Investor Allocation Notice post Anchor Investor Bidding Date and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised Anchor Investor Allocation Notice within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised Anchor Investor Allocation Notice within the pay-in date referred to in the revised Anchor Investor Allocation Notice. The revised Anchor Investor Allocation Notice will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive CAN. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to Anchor Investors. The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

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**Notice to QIBs bidding in the Net QIB Portion: Allotment Reconciliation and Revised CANs**

After the Bid Closing Date, an electronic book will be prepared by the Registrar to the Issue on the basis of Bids uploaded on the BSE or NSE system. This shall be followed by a physical book prepared by the Registrar to the Issue on the basis of the Bid-Cum-Application Forms received. Based on the electronic book, QIBs bidding in the Net QIB Portion will be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject, *inter alia*, to approval of the final 'Basis of Allocation' by the Designated Stock Exchange. Subject to SEBI (ICDR) Regulations, certain Bids/applications may be rejected due to technical reasons, non-receipt/availability of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation of the book prepared by the Registrar to the Issue and the 'Basis of Allocation' as approved by the Designated Stock Exchange. As a result, one or more revised CAN(s) may be sent to QIBs bidding in the Net QIB Portion and the allocation of Equity Shares in such revised CAN(s) may be different from that specified in the earlier CAN(s). QIBs bidding in the Net QIB Portion should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN(s), for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract, subject only to the issue of revised CAN(s), for such QIBs to pay the entire Issue Price for all the Equity Shares allocated to such QIBs. The revised CAN(s), if issued, will supersede in entirety, the earlier CAN(s).

**Designated Date and Allotment**

Our Company will ensure that the Allotment is done within twelve (12) Working Days of the Bid Closing Date. After the funds equivalent to the size of this Issue are transferred from the Escrow Account to the Public Issue Account and the balance funds to the Refund Account on the Designated Date, our Company will ensure the credit to the Allottees' depository account. The Company will issue instructions for credit to the beneficiary account of the Allottees within two (2) Working Days from the date of Allotment.

In accordance with Section 68B of the Companies Act and the SEBI (ICDR) Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to this Issue.**

**ALLOTMENT****Basis of Allocation****A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. Allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The size of this Issue less the allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have Bid at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category are less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this category are greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Please refer to "*Method of Proportionate Basis of Allocation in this Issue*" below for the method of proportionate basis of allocation.

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**B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The size of this Issue less the allocation to QIBs and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have Bid in this Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category are less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- If the valid Bids in this category are greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Please refer to “*Method of Proportionate Basis of Allocation in this Issue*” below for the method of proportionate basis of allocation.

**C. For QIBs in the Net QIB Portion**

- Bids received from QIB Bidders in the Net QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to successful QIBs will be made at the Issue Price.
- The Net QIB Portion shall be available for allocation to QIBs who have bid at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance, Allotment to Mutual Funds for up to 5% of the Net QIB Portion shall be determined as follows:
    - (i) If Bids by Mutual Funds exceed the Mutual Fund Portion (i.e., 5% of the Net QIB Portion), allocation to Mutual Funds shall be done on a proportionate basis up to 5% of the Net QIB Portion.
    - (ii) If the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, and not allocated to Mutual Funds shall be available for allotment to QIBs as set out in (b) below;
  - (b) In the second instance, allotment to all QIBs bidding in the Net QIB Portion shall be determined as follows:
    - (i) In the event of an over subscription in the Net QIB Portion, all QIBs who have submitted Bids above the Issue Price shall be allocated Equity Shares on a proportionate basis up to 95% of the Net QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders (excluding Anchor Investors).
    - (iii) Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included in the Net QIB Portion for Allotment to the remaining QIB Bidders.

**D. For Anchor Investors**

Allotment of Equity Shares to Anchor Investors at the Anchor Investor Price will be at the discretion of our Company, in consultation with the BRLMs, subject to compliance with the following requirements:

- (i) Not more than 30% of the QIB Portion will be allocated to Anchor Investors.
- (ii) One-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Price.
- (iii) Allocation to a minimum number of two Anchor Investors.

The number of Equity Shares allotted to successful Anchor Investors and the Anchor Investor Price shall be made available in the public domain before the Bid Opening Date by the BRLMs in accordance with the SEBI (ICDR) Regulations.

The BRLMs, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the 'Basis of Allocation' is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations. The drawing of lots (where required) to finalize the 'Basis of Allocation' shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

#### **Procedure and Time of Schedule for Allotment and demat Credit of Equity Shares**

This Issue will be conducted through the 'Book Building Process' pursuant to which the members of the Syndicate will accept Bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and expire on [●]. Anchor Investors shall bid on the Anchor Investor Bidding Date, i.e., [●], 2010. Our Company in consultation with BRLMs, will determine the Issue Price and the 'Basis of Allocation' and entitlement to Allotment following the expiration of the Bidding Period, based on the Bids received and subject to confirmation by the Designated Stock Exchange. Successful Bidders will be provided with an intimation of allocation in their favour through a CAN, subject to revised CAN(s) and will be required to pay any unpaid Bid Amount for the Equity Shares within the Pay-in Date mentioned in the CAN, subject to revised CAN(s). The SEBI (ICDR) Regulations require our Company to complete the Allotment to Allottees within twelve (12) Working Days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence within twelve (12) Working Days of expiration of the Bid / Issue Closing Period.

#### **Unblocking of ASBA Account**

Once the 'Basis of Allocation' is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branches for unblocking the ASBA Accounts and for the transfer of requisite amount to the Public Issue Account. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch regarding finalisation of the 'Basis of Allocation', in the event of withdrawal/failure of the Issue or withdrawal (except in case of a QIB bidding through an ASBA Form) or rejection of the ASBA Bid, as the case may be.

#### **Method of Proportionate Basis of Allocation in this Issue**

Except in relation to Anchor Investors, in the event of this Issue being over-subscribed, our Company shall finalize the 'Basis of Allocation' in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the 'Basis of Allocation' is finalized in a fair and proper manner.

Except in relation to Anchor Investors, the allocation shall be made in marketable lots, on a proportionate basis as explained below:

1. Bidders will be categorized according to the number of Equity Shares applied for by them.
2. The total number of Equity Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
3. Number of Equity Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
4. If the proportionate allocation to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it will be rounded off to the lower whole number. Allocation to all in such categories shall be arrived at after such rounding off.
5. In all Bids where the proportionate allocation is less than [●] Equity Shares per Bidder, the allocation shall be made as follows:

- Each successful Bidder shall be allocated a minimum of [●] Equity Shares.
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (3) above; and
6. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allocated to the Bidders in that category, the remaining Equity Shares available for allocation shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allocation to the successful Bidders in that category. The balance Equity Shares, if any, after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
7. Investors should note that the Equity Shares will be allocated to all successful Bidders in dematerialised form only. Bidders will not have the option of being allocated Equity Shares in physical form.

#### Illustration of Allotment to QIBs (other than Anchor Investors) and Mutual Funds (“MF”) in the Net QIB Portion

##### A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	200 million equity shares
2.	Allocation to QIB (not more than 50% of the issue)	100 million equity shares
3.	Anchor Investor Portion (upto 30% of QIB Portion)	30 million equity shares
4.	Portion available to QIBs other than Anchor Investors, i.e., the Net QIB Portion [(2) minus (3)]	70 million equity shares
	Of which:	
	Allocation to MFs (5%)	3.5 million equity shares
	Balance for all QIBs (including MFs)	66.5 million equity shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	500 million equity shares

##### B. Details of QIB Bids in the Net QIB Portion

Sr. No.	Type of QIB bidders <sup>#</sup>	No. of shares bid for (in mn)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
	<b>Total</b>	<b>500</b>

<sup>#</sup> A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are MFs)

##### C. Details of Allotment to QIB Bidders/ Applicants

Type of QIB Bidders	Shares bid for	Allocation of 3.5 million Equity Shares to MF Proportionately (please see note 2 below)	Allocation of balance 66.50 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	6.65	0
A2	20	0	2.66	0
A3	130	0	17.29	0
A4	50	0	6.65	0
A5	50	0	6.65	0

Type of QIB Bidders	Shares bid for	Allocation of 3.5 million Equity Shares to MF Proportionately (please see note 2 below)	Allocation of balance 66.50 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
MF1	40	0.70	5.32	6.02
MF2	40	0.70	5.32	6.02
MF3	80	1.40	10.64	12.04
MF4	20	0.35	2.66	3.01
MF5	20	0.35	2.66	3.01
	<b>500</b>	<b>3.50</b>	<b>66.50</b>	<b>30.10</b>

**Notes:**

- The illustration presumes compliance with the requirements specified in the Draft Red Herring Prospectus in “*Issue Structure*” on page 304 of the Draft Red Herring Prospectus.
- Out of 70.00 million equity shares allocated to QIBs, 3.50 million (i.e., 5%) will be allocated on a proportionate basis among five (5) Mutual Fund applicants who applied for 200 million equity shares in the QIB Portion.
- The balance 66.50 million equity shares, i.e., 70.00 - 3.50 (available for Mutual Funds only) will be Allotted on a proportionate basis among 10 QIB Bidders who applied for 500 million equity shares (including 5 Mutual Fund applicants who applied for 200 million Equity Shares) The figures in the fourth column titled “Allocation of balance 79.80 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
- The figures in the fourth column entitled “Allocation of balance 66.50 million equity shares to QIBs proportionately” in the above illustration are arrived at as explained below:
  - For QIBs other than Mutual Funds (A1 to A5) = Number of equity shares Bid for (i.e., in column II of the table above) X 66.50/496.50
  - For Mutual Funds (MF1 to MF5) = (No. of equity shares bid for (i.e., in column II of the table above) less equity shares Allotted (i.e., column III of the table above) X 66.50/496.50
  - The numerator and denominator for arriving at the allocation of 66.50 million equity shares to the 10 QIBs are reduced by 3.50 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above

**Equity Shares in Dematerialised Form with NSDL or CDSL**

In accordance with Section 68B of the Companies Act and the SEBI (ICDR) Regulations, the Equity Shares shall be allotted only in a dematerialised form, (i.e., not in the form of physical certificates but fungible statements issued in electronic mode). In this context, two tripartite agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated October 26, 2009 with NSDL, our Company and the Registrar to the Issue.
- Agreement dated October 31, 2009 with CDSL, our Company and the Registrar to the Issue.

Bidders can seek Allotment in dematerialised mode only. Bids from any Bidder without relevant details of their depository account are liable to be rejected.

- A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
- The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant’s identification number) appearing in the Bid-Cum-Application Form or Revision Form(s).
- Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- Names in the Bid-Cum-Application Form or Revision Form should be identical to those appearing in the depository account details available with the Depository. In case of joint holders, the names should necessarily be in the same sequence in which they appear in the depository account details available with the Depository.
- If incomplete or incorrect details are given under the heading “Bidder’s Depository Account Details” in the Bid-Cum-Application Form or Revision Form(s), it is liable to be rejected.

6. The Bidders are responsible for the correctness of their Demographic Details given in the Bid-Cum-Application Form *vis-à-vis* those with their Depository Participant.
7. Trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges, where our Equity Shares are proposed to be listed, have electronic connectivity with CDSL and NSDL.

## PAYMENT OF REFUNDS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant identification number and beneficiary account number provided by them in the Bid-Cum-Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details including a nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds through dispatch of refund orders or through electronic transfer of funds, as the case may be. Any such delay shall be at the Bidders' sole risk and neither our Company, its Directors and officers, nor the BRLMs nor the Registrar to the Issue nor the Escrow Collection Banks nor their affiliates, associates or their respective directors and officers shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or be liable to pay any interest for such delay.

### Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **NECS** – Payment of refund would be done through NECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulam (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. Payment of refund would be done through NECS for applicants having an bank account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centers where such facility is available, except where the applicant, being eligible, opts to receive refund.

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

2. **Direct Credit** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid-Cum-Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Banker(s) for the same would be borne by our Company.
3. **RTGS** – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the Indian Financial System Code ('**IFSC**') code in the Bid-Cum-Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Banker(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.



4. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR code of the Bidder's bank. Wherever the applicants have registered the nine digit MICR code of the branch of the bank where they are having their account and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method. It is observed that the payment through this mode is successful, if the correct account number has been registered with the depository participant. It is also observed that a number of banks, particularly in the public sector, have assigned a new multi digit account number as a consequence to the implementation of centralised core banking solution in the branches.
5. For all the other applicants, including applicants who have not updated their bank particulars with the nine-digit MICR code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through "Speed Post/ Registered Post" for refund orders of Rs. 1,500 and above. Refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

#### **Letters of Allotment or Refund Orders, disposal of applications and application moneys in case of delay**

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges after the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within twelve (12) Working Days from the Bid/Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within twelve (12) Working Days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve (12) Working Days of the Bid/Issue Closing Date.

With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within twelve (12) Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA, Bidder's instructions for unblocking of the ASBA Bidder's bank account shall be made within twelve (12) Working Days from the Bid/Issue Closing Date; and

Bidders residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, under certificate of posting, and shall dispatch refund orders above Rs. 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within twelve (12) Working Days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within twelve (12) Working Days of the Bid/Issue Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve (12) Working Days of the Bid/Issue Closing Date, which shall be completed within one day after the receipt of such instruction from the Registrar to the Issue. Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.



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**Interest in case of delay in dispatch of Allotment Letters or Refund Orders / Instructions to SCSBs.**

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI (ICDR) Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within twelve (12) Working Days from the Bid/ Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within twelve (12) Working Days from the Bid/Issue Closing Date;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within twelve (12) Working Days of the Bid/Issue Closing Date.
- It shall pay interest at 15% per annum (as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act), if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within twelve (12) Working Days from the Bid/Issue Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within twelve (12) Working Days of the Bid/Issue Closing Date.

**UNDERTAKING BY OUR COMPANY**

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve (12) Working Days of the Bid/Issue Closing Date.
- That our Company shall apply in advance for the listing of Equity Shares;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within twelve (12) Working Days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the Allotment advice or refund orders to the Non-Resident Indians shall be dispatched within Specified time;
- That there will be no further issue of Equity Shares during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares allotted/ to be allotted pursuant to the Issue have been listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.;
- That adequate arrangements shall be made to collect all ASBA Forms and to consider them similar to non-ASBA applications while finalizing the 'Basis of Allocation';
- That the Equity Shares are free and clear of all liens or encumbrances and shall be allotted to the Allottees within the specified time;
- that it shall be ensured that dispatch of share certificates/refund orders and demat credit is completed and the allotment and listing documents shall be submitted to the Stock Exchanges within two Working Days of the date of Allotment;
- that we shall pay interest of 15% per annum (for any delays beyond twelve (12) Working Days if allotment has not been made within twelve (12) Working Days and refund orders have not been dispatched within twelve (12) Working Days;

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### Utilisation of proceeds of the Issue

Our Board certifies that:

1. All monies received out of this Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
2. Details of all money utilised out of the Issue shall be disclosed under an appropriate head in our balance sheet, indicating the purpose for which such monies have been utilised;
3. Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet, indicating the form in which such unutilised monies have been invested;
4. Our Company shall comply with the requirements of Clause 49 of the listing agreement in relation to the disclosure and monitoring of the utilization of the Net Proceeds; and
5. Our Company shall not have recourse to the proceeds of the Issue until the approval for trading of the Equity Shares from the Stock Exchanges has been received.

### Communications

All future communications in connection with Bids by Bidders (other than ASBA Bidders) made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-Cum-Application Form number, Bidders' depository account details, number of Equity Shares applied for, date of Bid-Cum-Application form, name of the member of the Syndicate and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors (other than ASBA Bidders) can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

For ASBA Bidders, in relation to all future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first ASBA Bidder, ASBA Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Form, name and address of the Designated Branch where the ASBA Bid was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Bidders can contact the Compliance Officer, the Designated Branch where the ASBA Form was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the Bid-Cum-Application Form was submitted by the ASBA Bidders.

**The BRLMs undertake that the complaints or comments received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.**

### RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may

be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment is permitted upto 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents. In our Company, as on date aggregate FII holding can be upto 100% of the total Issued Share Capital.

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations. The DIPP has issued 'Circular 1 of 2010' (the "**FDI Circular**") which consolidates the policy framework on FDI, with effect from April 1, 2010. The FDI Circular consolidates and subsumes all the press notes, press releases and clarifications on FDI issued by DIPP as on March 31, 2010. All the press notes, press releases, clarifications on FDI issued by DIPP as on March 31, 2010 stand rescinded as on March 31, 2010.

Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made.

Under the automatic route, the foreign investor or the Indian company does not require any approval from the RBI or GoI for investments. However, if the foreign investor has any previous joint venture/tie-up or a technology transfer/trademark agreement in the "same field" in India as on January 12, 2005, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

As per the FDI Circular, FDI upto 100% is permitted under the automatic route. It applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within thirty (30) days of receipt of the consideration and another report within thirty (30) days from the date of issue of the shares to the non-resident purchaser.

Further, operating-cum-investing companies and investing companies need to notify the Secretariat of Industrial Assistance, DIPP and FIPB of their downstream investments (if such investments are in the form of issuance of equity shares, compulsorily convertible preference shares and/or compulsorily convertible debentures) within thirty (30) days of such investments even if such equity shares, compulsorily convertible preference shares and/or compulsorily convertible debentures have not been allotted.

Under the approval route, prior approval of the GoI through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route.

Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

Eligible NRIs, FIIs, FVCIs and multilateral and bilateral development financial institutions are eligible to participate in this Issue. Further, as per existing regulations, OCBs cannot participate in this Issue. NRIs, who are not Eligible NRIs, are not permitted to participate in this Issue.

Our Company has obtained all the necessary approvals from the concerned governmental authorities for this Issue. For further details, please refer to "*Government/Statutory Approvals and Licences*" on page 277 of the Draft Red Herring Prospectus.

#### **Subscription by foreign investors (NRIs/FIIs)**

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multilateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation. Further, NRIs who are not Eligible NRIs are not permitted to participate in the Issue. Equity Shares acquired by Eligible NRIs can be only sold to any other person eligible to acquire the same in accordance with all applicable laws, rules and regulations. Sub accounts of FIIs registered with SEBI, being foreign

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corporate or foreign individuals are not eligible to participate in this Issue in the QIB Portion. Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

**The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the Securities Act) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act). Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

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

**The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

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## SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI (ICDR) Regulations, the abstract of the main provisions of the AoA relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision hereinbelow is numbered as per the corresponding article number in the AoA and capitalized terms used in this section have the meaning that has been given to such terms in the AoA of our Company.

### TABLE 'A' TO APPLY

1. The regulations contained in Table A, in the First Schedule to the Companies Act, 1956, [except the proviso to Regulation 13(1)] shall apply to this Company, to the extent to which they are not modified, varied, amended or altered by these articles.

### CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

#### Share Capital

4 Authorised Share Capital of the Company shall be as stated in Clause V of the MoA of the Company.

4 (1). In the event it is permitted by law to issue shares with no Voting rights attached to them, the Directors may issue such shares upon such terms and conditions and with such rights and privileges as the Directors may deem fit.”

#### Shares at the disposal of Directors

7. Subject to the provisions of section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose off the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in conduct of its business and any shares which may so be allotted may be issued as fully paid shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.”.

#### Increased Capital same as original capital

61. Except so far as otherwise provided by the conditions of issue or by these present, any capital raised by the creation of new shares shall be considered part of the original equity capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender voting and otherwise.

#### Reduction of capital

63. The Company may (subject to the provisions of section 100 to 105 of the Act) from time to time by special resolution reduce its share capital or any capital redemption reserve accounts or share premium account in any way authorised by law and in particular may pay off any paid up share capital upon the footing that it may be called up again, or otherwise and may, if and so far as is necessary, alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

#### Restrictions on purchase by company of its own shares

62. (1) The Company shall not have the power to buy its own shares unless the consequent reduction of capital is effected and sanctioned in pursuance of Article 63 or in pursuance of Section 100 to 104 or Section 402 or other applicable provisions, if any, of the Act.

(2) Except to the extent permitted by Section 77 or other applicable provisions, if any, of the Act, the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise any financial assistance for the purpose of, or in connection with purchase or subscription made or to be made by any person of or for any shares in the Company

(3) Nothing in this Article shall affect the right of the Company to redeem any Redeemable Preference Shares issued under

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Article 59 or under Section 80 or other relevant provisions if any, of the Act.

### **Modification of Class Rights**

66. (1) If at any time the share capital is divided into different classes of shares, the right attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, subject to the provisions of section 106 and 107 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of holders of not less than three-fourth of the issued shares of the class, or with sanction of a special resolution passed at a separate meeting of the holders of shares of that class.

(2) To every such separate meeting, the provisions of these regulations relating to general meeting shall apply mutatis mutandis.

### **SHARES**

#### **Restrictions on allotment, etc**

5. The Board shall observe the restrictions as to allotment contained in Section 69 & 70 of the Act, as the case may be and shall cause to be made the returns as to allotment according to Section 75 of the Act.

#### **Further Issue of Shares**

6. Subject to the provisions contained in Article 60 any shares (whether forming part of the original capital or of any increased capital of the Company) may be issued either with the sanction of the Company in General meeting or by the Board with such rights and privileges annexed thereto and upon such terms and conditions as shall be directed by the General Meeting sanctioning the issue of such shares.

#### **Power of general meeting to offer shares to such person as the company may resolve**

8. In addition to and without derogating from the powers for that purpose conferred on the Directors under Articles 6 and 7 and on the Company under Articles 6 and subject to those Articles, the Company in general meeting may determine to issue further shares out of the authorised capital of Company and may determine, that any share whether forming part of the original capital or of any increased capital of the Company shall be offered to such persons (whether members or holder of debentures of the Company or not) in such proportions and on such terms and conditions and either (subject to the provisions of Section 78 of the Act) at a premium or at par or (subject to the provisions of Section 79 of the Act) at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or holder of debentures of the Company or not) the option to call for or be allotted shares of any class of the Company, either (subject to the provisions of Section 78 of the Act) at a premium or at par, or (subject to the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such general meeting, or the Company, in general meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

#### **Amount payable at fixed time by instalment calls**

24. If the terms of issue of any share or otherwise any amount is made payable at any fixed times (whether on account of the nominal value of the share or by way of premium) every such amount or instalment shall be payable as if it were a call duly made by the Board and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.

#### **Directors may allot shares as fully paid up**

9. Subject to the provisions of the Act and these Articles, the directors may allot and issue shares in the capital of the Company as payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

#### **Acceptance of shares**

11. An application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts

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any shares and whose name is on the Register shall for the purpose of these Articles be a member.

#### **Deposit and calls etc. to be a debt payable immediately**

12. The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

#### **Dematerialization of securities**

58A (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and / or to offer its fresh securities in a dematerialized form pursuant to the provisions of the Depositories Act, 1996, and the rules framed there under, if any.

#### **Issue of securities and option for investors**

58A (3) The Company may exercise the option to issue, deal in or hold the Securities with a Depository in electronic form and the Certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and the matters connected therewith, or incidental thereof shall be governed by Depositories Act, 1996. Every person subscribing to the Securities offered by the Company shall have the option to receive Security Certificates or to hold the Securities with a Depository. Such a person who is the Beneficial Owner of the Securities can at anytime opt out of a Depository, if permitted by the law, in respect of any Security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities. If a person opts to hold his Security with a Depository, the Company shall intimate such Depository the details of the allotment of the Security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Security.

#### **Securities of the depository mode to be in fungible form**

58A (4) All securities held in the depository mode with a depository shall be dematerialized and be in fungible form. Nothing contained in sections 153, 153A, 153B, 187B, 187C, 372 of the Act shall apply to such securities held by a depository owner, in respect of the Securities held by it on behalf of the Beneficial Owner.

#### **Right of Depositories and Beneficial Owners**

58A (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have other membership rights or be entitled to the corporate benefits that may accrue to the members of the company.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities like payment of unpaid call monies and furnishing of such information as may be necessary to enable the company to enter his name in the register and index of beneficial owners or other records as applicable, in respect of the securities held in the depository mode of which he is the beneficial owner.

#### **Service of documents on company**

58A (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository mode, the records of the beneficial owner may be served by a depository on the company by means of electronic mode or by delivery of floppies or discs.

#### **Issue of Share Certificates**

58A (12) In the case of transfer and transmission of shares where the Company has not issued any certificates and where such shares are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

#### **Limitation of time for issue of certificates**



17. Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if Directors so approve (upon paying such fee as the Directors so determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

#### **Issue of new certificate in place of one defaced, lost or destroyed**

18. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this article shall *mutatis mutandis* apply to the debentures of the company.

#### **Company not bound to recognize any interest in Shares other than of registered holder**

14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way, to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided or as ordered by a competent jurisdiction) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

### **UNDERWRITING AND BROKERAGE**

#### **Commission may be paid**

15. The Company may, subject to the provisions of Section 76 and other applicable provisions (if any) of the Act, at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally for any shares in or debentures of the Company, or his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in, or debentures of the Company, but so that the amount or rate of commission does not exceed in the case of shares, five percent of the price at which the shares are issued and in the, case of debentures, two and a half percent of the price at which the debentures are issued. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in the one way and partly in the other way. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful, and usual or reasonable.

### **INTEREST OUT OF CAPITAL**

#### **Payment to interest out of capital**

177. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that capital, as is for the time being paid up, for the period, at the rate, and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building or the provision of any plant.



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## **CALLS**

### **Board may make calls**

19. The Board of Directors may from time to time by a resolution passed at a meeting of the Board and not by a circular resolution but subject to the conditions hereinafter mentioned, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the Company or where payable to a person other than the Company, to the person and at the time or times appointed by the Directors. A call may be made payable by instalments. Joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

### **Notice of call**

21. Fifteen days notice at the least of every call, otherwise than on allotment shall be given specifying the time payment and if payable, to any person other than the Company, the name of the person to whom the calls shall be paid provided that before the time for payment of such call the Directors may by notice in writing to the members revoke the same.

### **Call to date from resolution**

22. A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by the members whose names appear on the Register of members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.

### **Board may extend time**

23. The Board may from time to time at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members, who, the Board may deem, to be entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.

### **When interest on call or instalment payable**

25. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any extension thereof as aforesaid, the holder for the time being or allottee of the share, in respect of which a call has been made or the instalment shall be due, shall pay interest on the same at such rate as the Board shall fix from the date appointed for the payment, but the Board may in their absolute discretion waive payment of such interest wholly or in part.

### **Proof on trial of suit for money due on shares**

26. Subject to the provisions of the Act and these Articles, on the trial or hearing of any Action or suit brought by the company against any member or his legal representatives for the recovery of any call or other money claimed to be due to the Company in respect of any shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder of the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given in pursuance of these presents and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

### **Payment in anticipation of calls may carry interest**

28. The Directors may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provision of this article shall *mutatis mutandis* apply to the calls on debentures of the company.

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## **LIEN**

### **Company's lien on shares**

40. The company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

### **As to enforcing lien by sale**

41. For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made unless the sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or other legal representatives as the case may be and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after the date of such notice. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the shareholder of the shares comprised in any such transfer. Upon any such sale as aforesaid, the certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in lieu thereof to the purchasers concerned. The purchasers shall not be bound to see to the regularity to the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

### **Application of proceeds of sale**

42. The net proceeds of the sale shall be received by the Company on the payment of the costs of such sale and applied in payment of such part of the amounts in respect of which the lien exists as is presently payable and the residue, if any, shall subject to a like lien for sums not presently payable as existed upon the shares before the sale, be, paid to the person entitled to the shares at the date of the sale.

## **FORFEITURE OF SHARES**

### **If call on instalment not paid, notice must be given**

29. If any member fails to pay the whole or any part of any call or instalment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any extension thereof as aforesaid, the Director's may at any time thereafter during such time as the call or instalment or any part thereof or other money remains unpaid or a judgment or decree in respect thereof remains unsatisfied, in whole or in part, serve a notice on such member, or on the person if any entitled to the share by transmission, requiring him to pay such calls or instalment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non-payment.

### **Terms of notice**

30. The notice aforesaid shall name a day (not being less than Fourteen days from the date of the notice) and place or places on and at which the money is to be paid and the notice shall also state that in the event of the non-payment of such money at the time and place appointed, the shares in respect of which the same is owing will be liable to be forfeited.

### **If default of payment Shares to be forfeited**

31. If the requirement of any such notice shall not be complied with, every or any share in respect of which the notice is given, may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect.

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**Notice of forfeiture to a member and entry in register**

32. When any share is so declared to be forfeited, notice of forfeiture shall be given to the holder of the share and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

**Forfeited Shares to be the property of the Company and may be sold etc.**

33. Every share which shall be so declared forfeited shall thereupon be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof, or to any other person, upon such terms and in such manner as the Board shall think fit.

**Member shall be liable for money owing at the time of forfeiture and interest**

35. Any member whose shares may be forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls and other moneys owing upon the shares at the time of forfeiture together with interest thereon from the time of the forfeiture until payment at sixteen per cent per annum and the Directors may enforce the payment thereof if they think fit, but shall not be under any obligation to do so.

**Effects of forfeiture**

36. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly said.

**Power to annul forfeiture**

34. The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as they think fit

**Directors may accept surrender of shares**

39. The Directors may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering on such terms as the Directors may think fit.

**TRANSFER AND TRANSMISSION OF SHARES****Instrument of transfer**

45. The instrument of transfer shall be in writing and all provisions of section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

**Form of transfer**

44. Shares in the Company shall be transferred in accordance with the relevant provision of the Act. The instrument of transfer shall be in writing in such form as shall from time to time be prescribed under the relevant provision of the Act in that behalf. The Directors may from time to time alter or vary the form of such transfer, but so as to comply with the provisions of the Act in that behalf.

**Application for transfer**

48. (1) An application for the registration of transfer of the shares in the Company may be made either by the transferor or the transferee.

(2) Where application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(3) For the purposes of sub-clause (2) above, notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been

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duly delivered at the time at which it would have been delivered in the ordinary course of post.

#### **Instrument of transfer to be executed by transferor and transferee**

49 Every instrument of transfer shall be signed both by or on behalf of the transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

#### **Transfer by legal representative**

50. A transfer of shares in the Company of the deceased member thereof made by his legal representative shall although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

#### **Closure of transfer books**

52. The Directors shall have power, on giving not less than seven days previous notice by advertisements as required by Section 154 of the Act, to close the transfer books of the Company for such period of time not exceeding in the whole 45 days in each year but not exceeding 30 days at a time as they may deem fit.

#### **Directors may refuse to register transfer**

46. Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

#### **Title to share of deceased holder**

53. The executor or administrator of a deceased member or holder of a succession certificate (whether European, Hindu, Mohammedan, Parsi or otherwise, not being one of two or more joint-holders) shall be the only person recognised by the Company as having any title to his shares and the Company shall not be bound to recognise such executor or administrator or holder unless he has first obtained Probate or Letters of Administration, or other legal representation, as the case may be from a duly constituted Court in India, or from any authority empowered by any law to grant such other legal representation; provided that in any case, where the Board in their absolute discretion think fit, the Board may dispense with the production of Probate or Letters of Administration or other legal representation and under the next Article register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member, upon such terms as to indemnity or otherwise as the Directors may deem fit. Provided that if the member was a member of a joint Mitakshara family, the Directors on being satisfied that the shares standing name in fact belonged to the joint family may recognise the survivors thereof as having title to the shares registered in the name of such member.

#### **Registration of persons entitled to share otherwise than by transfer (Transmission Clause)**

54. Subject to the provisions of the Act and these Articles any persons becoming entitled to a share in consequences of the death, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (Which they shall not be under any obligation to give), upon adducing such evidence that sustains the character in respect of which he proposes to act under this clause, or of his title, as the Board thinks sufficient and upon giving such indemnity as the Directors may require either be registered himself as the holder of the share or else to have some person nominated by him and approved by the Board, registered as such holder, provided, nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the share. This clause is herein referred to as the "Transmission Clause".

#### **Refusal to register nominee**

55. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

#### **No Fee on transfer or transmission**

57. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

#### **Board may require evidence of transmission**

56. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified, or unless an indemnity be given to the Company with regard to such registration which the Board at their discretion shall consider sufficient; provided nevertheless that there shall not be any obligation on the Company or the Board to accept any indemnity.

#### **Company not liable for disregard of a notice prohibiting registration of a transfer**

58. The Company shall incur no liability or responsibility whatsoever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal power thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company; and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company; but the Company; shall nevertheless, be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

### **BORROWING POWERS**

#### **Power to borrow**

68. Subject to the provisions of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Directors shall have power from time to time at their discretion to accept deposit from members of the Company either in advance of calls or otherwise and generally to raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company; provided that the aggregate of the amount raised, borrowed or secured at any time together with the moneys already borrowed by the Company (apart from temporary loans as defined in Section 293 of the Act, obtained from the Company's bankers in the ordinary course of business) and remaining outstanding and undischarged at that time shall not without the consent of the Company in general meeting, exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

#### **Conditions on which money may be borrowed**

69. Subject to the provisions of the Act and these Articles, the Directors may by a resolution at a meeting of the Board (and not by circular resolution) raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures, debenture stock, or any mortgage or charge or other security, on the undertaking or on the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

#### **Indemnity may be given**

74. Subject to the provisions of the Act and these Articles, if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

#### **Bonds, Debentures, etc. to be under the control of Directors**

70. Any bonds, debentures, debenture stock, or other securities issued or to be issued by the Company shall be under the

control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

#### **Terms of issue of debentures**

72. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the general meeting by a Special Resolution.

#### **Mortgage of uncalled capital**

73. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Director shall subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

### **MEETING OF MEMBERS**

#### **Annual General Meetings**

76. Subject to the provisions contained in Section 166 and 210 of the Act as applicable, the Company shall in each year hold in addition to any other Meetings, a general meeting as its Annual General Meeting and shall specify, the meeting as such in the notice calling it and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next.

Provided that if the Registrar, for any special reason, extends the time within which any Annual General Meeting shall be held, then such Annual General Meeting may be held within such extended period.

#### **Extraordinary General Meeting**

78. All General Meetings other than Annual General Meeting shall be called Extraordinary General Meetings.

#### **Directors may call Extraordinary General Meeting**

79. The Board of Directors may, whenever it thinks fit, call an Extraordinary General Meeting.

#### **Calling of extraordinary General Meeting on requisition**

80. (1) The Board of Directors shall, on the requisition of such number of members of the Company as hold, in regard to any matter at the date of deposit of the requisition, not less than one-tenth of such of the paid-up capital of the Company as at the date carries the right of voting in regard to that matter, forthwith proceed duly to call an Extraordinary General Meeting of the Company and the provisions of Section 169 of the Act (including the provision below) shall be applicable.

(2) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.

(3) The requisition may consist of several documents in like form, each signed by one or more requisitionists.

(4) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (1) above shall apply separately in regard to each such matter and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that sub-clause are fulfilled.

(5) If the Board of Directors does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called by the requisitionists themselves or by such of the requisitionists as, represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company as is referred to in sub-clause (1) above whichever is less.

(6) A meeting called under sub-clause (5) above by the requisitionists or any of them shall be called in the same manner, as

nearly as possible, as that in which meetings are to be called by the Board but shall both be held after the expiration of three months from the date of the deposit of the requisition.

(7) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of the sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

#### **Notice of Meeting**

81. (1) A general meeting of the Company may be called by giving not less than twenty-one days notice in writing.

(2) However, a general meeting may be called after giving shorter notice than twenty-one days, if consent is accorded thereto:-

(i) in the case of an Annual General Meeting by all the members entitled to vote thereat; and

(ii) in the case of any other meeting by members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at that meeting.

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the former resolution or resolutions but not in respect of the latter.

#### **Contents of Notice**

82. (1) Every notice of a meeting of the Company shall specify the place, the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(2) In every notice, there shall appear with reasonable prominence a statement that 'a member entitled to attend and vote is entitled to appoint a proxy, to attend and vote instead of himself and that a proxy need not be a member of the Company.

#### **Special business**

83. (a) In the case of Annual General Meeting all business to be transacted at the meetings shall be deemed special, with the exception of business relating to:-

(i) the consideration of the Accounts, Balance Sheet and Profit & Loss Account and the Report of the Board of Directors and of the Auditors;

(ii) the declaration of dividend;

(iii) the appointment of Directors in the place of those retiring; and

(iv) the appointment and the fixing of the remuneration of Auditors.

(b) in the case of any other meeting all business shall be deemed special.

(c) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item or business including in particular the nature of the concern or interest, if any, therein of every Director and the manager, if any.

Provided however, that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects, any other Company, the extent of shareholding interest in that other Company of every Director and the Manager, if any, of the Company shall also be set out in the Explanatory Statement, if the extent of such shareholding interest is not less than two percent of the paid up share capital of that other Company.

#### **Service of Notice of General Meeting**

84. Notice of every meeting shall be given to every member of the Company in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act and these Articles. It shall be given to the person entitled to a share in consequence of the death or



insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name or by the title of the representatives of the deceased, or assignees of the insolvent, or by any like description, at the address if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred.

Provided where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the Registered Office of the Company under Sub-section (3) of Section 53 of the Act, the Explanatory Statement need not be annexed to the notice as required by Section 173 of the Act, but it shall be mentioned in the advertisement that statement has been forwarded to the members of the Company.

#### **As to omission to give notice**

86. The accidental omission to give notice of any meeting to, or the non-receipt of any notice by, any member or person to whom it should be given shall not invalidate the proceedings at the meeting.

### **PROCEEDINGS AT GENERAL MEETINGS**

#### **Quorum at General Meeting**

88. At least five members entitled to vote and present in person shall be a quorum for a general meeting. No business shall be transacted at any general meeting unless the quorum requisite be present at the commencement of the business.

#### **If quorum not present, meeting to be dissolved or adjourned**

89. If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by the requisition of members, shall stand dissolved. In any other case the meeting shall stand adjourned to the same day in the next week, at the same time and place or if that day is public holiday, till the next succeeding day which is not public holiday at the same time and place as the Board may determine.

#### **Adjourned meeting to transact business**

90. If at any adjourned meeting also a quorum is not present within half an hour of the time appointed for holding the meeting, the members present, whatever their number or the amount of the shares held by them shall be a quorum and shall have power to decide upon all the matters which could properly have been disposed off at the meeting from which the adjournment took place.

#### **Chairman of General meeting**

91. The Chairman (if any) of the Board of Directors shall, if willing, preside as chairman at every General Meeting, whether Annual or Extraordinary, but if there be no such Chairman or in case of his absence or refusal some one of the Directors (if any be present) shall be chosen to be chairman of the meeting.

#### **In case of their absence or refusal a member may act.**

92. If at any meeting a quorum of members shall be present and the chair shall not be taken by the Chairman of the Board or by the Vice-Chairman or by a Director at the expiration of fifteen minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the chair, the members present shall on a show of hands choose one of them to be Chairman of the meeting.

#### **Business confined to election of Chairman whilst chair vacant.**

93. (1) No business shall be discussed at any general meeting except the election of the Chairman whilst the Chair is vacant.

(2) If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and these Articles, the Chairman elected on a show of hands exercising all the powers of the Chairman under the Act and these Articles.

(3) If some other person is elected Chairman as a result of the poll, he shall be chairman for the rest of the meeting.

#### **Chairman with consent may adjourn meeting**



94. The Chairman may with the consent of any meeting at which quorum is present and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

**Notice to be given where a meeting adjourned for 30 days or more**

95. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

**Demand for Poll**

97. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf (a) by at least five members having the right to vote on the resolution and present in person or by proxy or (b) by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution or (c) by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid on all shares conferring that right. The demand for a poll may be withdrawn at any time by a person or persons who shall make the demand.

**Time and manner of taking poll**

98. (1) Except on the question of the election of a chairman or of adjournment as aforesaid, a poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made, as the chairman may direct.

(2) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(3) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

**Scrutineers at poll**

99. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineers arising from such removal, or from any other cause. Of the two scrutineers, appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

**Demand for poll not to prevent transaction of other business**

100. Except on the question of election of chairman or adjournment the demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

**Registration of certain Resolution and Agreement**

103. A copy of each of the following resolutions (together with a copy of the statement of material facts annexed under Section 173 of the Act to the notice of the meeting in which such resolution has been passed) or agreements shall, within thirty days, after the passing or making thereof be printed or typewritten and duly certified under the signature of an officer of the Company and filed with the Registrar viz :

(a) special resolutions;

(b) resolutions which have been agreed to by all the members of the Company but which, if not so agreed to, would not have been effective for their purpose unless they had been passed as special resolutions;

(c) any resolution of the Board or agreement relating to the appointment, re-appointment or the renewal of the appointment or variation of the terms of the appointment of a Managing Director,

(d) resolutions or agreements which have been agreed to by all the members of any class of shareholders but which if not so agreed to, would not have been effective for the purpose unless they had been passed by some particular majority or otherwise in some particular manner; and all resolution or agreements which effectively bind all the members of any class of shareholders though not agreed to by all those members.

(e) resolutions requiring the Company to be wound up voluntarily passed in pursuance of sub-section (1) of Section 484 of the Act;

(f) resolution according the consent to exercise by the Board of Directors of any of the powers under Clauses (a), (d) and (e) of sub-section (1) of Section 293 of the Act; and

(g) resolution approving the appointment of sole selling agents under Section 294 of the Act.

Copy of every Resolution which has the effect of altering the Articles of Association of the Company and a copy of every Agreement referred to in the above items (c), and (d) shall be embodied in and annexed to every copy of the Articles issued after the passing of the Resolution or the making of the Agreement.

## **VOTES OF MEMBERS**

### **Vote in respect of share of deceased, Insolvent members**

111. Any person entitled under the Transmission Clause (Article 54 hereof) to transfer any shares may vote at any General Meeting in respect thereof as if he was the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

### **Right of Member to use his votes differently**

112. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy, or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.

### **Proxies**

114. (1) Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote (on a poll) instead of himself but a proxy so appointed shall not have any right to, speak at the meeting.

(2) Every proxy shall be appointed by an instrument in writing signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate be under its Seal or be signed by an officer or an attorney duly authorised by it.

Deposit of instrument of appointment

### **Deposit of instrument of appointment**

115. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the office of the Company or such place or places (if any) as may be specified for that purpose in the notice convening the meeting not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote or in the case of a poll, not less than 24 hours, before the time appointed for the taking of the poll and in default the instruments of proxy shall not be treated as valid. An attorney shall not be entitled to vote unless the power of attorney or other instrument appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than 48 hours before the time for holding the meeting at which the attorney proposes to vote or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll or is deposited at the office of the Company not less than forty-eight hours before the time fixed for such meeting or in the case of a poll not less than 24 hours before the time fixed for such poll as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may by notice in writing addressed to the member of the attorney given at least fourteen days before the meeting, require him to produce the original power of attorney or authority and unless the same is thereupon deposited with the Company not less than forty-eight hours before the time fixed for the meeting the attorney shall not be entitled to vote at such meeting unless the Directors in their absolute

discretion excuse such non-production and deposit.

### **Form of proxy**

116. An instrument appointing a proxy shall be in any of the forms prescribed under the Act.

### **Validity of votes given by proxy notwithstanding death etc. of member**

119. A vote given in accordance with the terms of an instrument of proxy or by an attorney shall be valid, notwithstanding the previous insanity or lunacy or death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the insanity, lunacy, death, revocation or transfer, shall have been received at the Registered Office before the meeting.

### **Time of objection to votes**

120. Subject to the provisions of the Act and these Articles, no objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy or by any means hereby authorised and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

### **Chairman of any Meeting to be the judge of Validity of any vote**

121. Subject to the provisions of the Act and these Articles, the Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. Subject as aforesaid the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

## **DIRECTORS**

### **Number of Directors**

122. The number of directors shall not be less than 3 nor until otherwise determined by a general meeting more than 20 including Nominated/ Special and Debenture Directors, if any.

### **First Directors**

123. The persons hereinafter named shall be the first Directors of the Company.

1. MR. U. SHEKHAR
2. MR. G. RAMAKRISHNAN
3. MR. S. R. SHANBHAG
4. MR. S. D. PATIL

### **Debenture Directors**

125. Any Trust Deed for securing debentures or debenture stock may, if so arranged, provide for the appointment from time to time by the Trustees thereof or by the holders of the debenture stock, of some person to be a Director of the Company and may empower such trustees or holders of debentures or debenture stock from time to time to remove any Director so appointed. A Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means a Director for the time being in office under this Article. A Debenture Director shall not be liable to retire by rotation or, subject to the provisions of the Act be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

### **Special Directors**

126. (a) The Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. Such nominees and their successors in office appointed under this Article shall be called Special Directors of the Company;

(b) The Special Directors appointed under sub-clause (a) shall be entitled to hold office until requested to retire by the person, firm, or corporation who may have appointed him / them and will not be bound to retire by rotation or be subject to Articles 142 and 143 of the Articles of Association of the Company. As and when a Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise, the person, firm or corporation who appointed such Special Director may appoint any other Director in his place. The Special Director may at any time by notice in writing to the Company resign his office. Subject as aforesaid, a Special Director shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the Company.

### **Casual Vacancy**

128. Subject to Article 124, the provisions of Section 284 (6) and other applicable provisions (if any) of the Act, if the office of a Director appointed by the Company in general meeting is vacated before his term of office will expire in the normal course, the resulting casual vacancy may, in default of and subject to any Regulation contained in these Articles be filled by the Board of Directors at a meeting of the Board. Any person, so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid.

### **Appointment of Additional Director**

129. Subject to Article 124, the provisions of Section 260 and 284(6) and other applicable provisions (if any) of the Act, Director shall have power at any time and from time to time, to appoint a person as an Additional Director. Such Additional Director shall hold office only upto the date of the next Annual General Meeting of the Company, but shall be eligible for election by the Company at the meeting as a Director; provided that the number of the Directors and Additional Directors together shall not exceed the maximum strength fixed for the Board by Article 122 hereof.

### **Qualification shares**

130. A Director of the Company shall not be required to hold any qualification shares in the Company.

### **Remuneration of Directors**

131. Subject to the provisions of Section 198, 309, 310 and 311 of the Act, the remuneration payable to the Directors of the Company may be as hereinafter provided:

(1) Subject to the provisions of aforesaid Sections, each of the Directors of the Company (inclusive of the Chairman) shall be entitled to a payment of a sum not exceeding the amount specified under Section 310 of the Companies Act, 1956 read with Rule 10B of Companies (Central Government's) General Rules and Forms, 1956, for each meeting of the Board or Committee of the Board attended by him. The Directors shall be paid such further remuneration, if any, either on the basis of percentage of the net profits of the Company or otherwise as the Company in general meeting shall from time to time determine and such additional remuneration and that remuneration shall be divided amongst Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided amongst the Directors equally.

(2) The Board of Directors may in addition allow and pay to any director who is not a bonafide resident of the place where a meeting of the Board or Committee is held and who shall come to that place for the purpose of attending the meeting such sum as the Board may consider fair compensation for his travelling, hotel, boarding, lodging and other expenses incurred in attending or returning from meetings of the Board of Directors, or any Committee thereof or general meeting of the Company.

(3) Subject to the limitation provided by the Act and this Article, if any Director shall be called upon to go or reside out of this usual place of residence on the Company's business or otherwise perform extra service outside the scope of his ordinary duties, the Board may arrange with such Director for such special remuneration for such service either by way of salary, commission, or the payment of a stated sum of money as they shall think fit, in addition to or in substitution of his remuneration above provided and all the Directors shall be entitled to be paid or reimbursed or repaid any travelling, hotel and other expenses incurred or to be incurred in connection with the business of the Company.

### **Director may act notwithstanding vacancy**

132. The continuing directors may act notwithstanding any vacancy in their body, but so that, subject to the provisions of the Act, if the number falls below the minimum above fixed and notwithstanding the absence of a quorum, the Directors may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a general meeting of the Company.

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**Directors may contract with company**

134. (1) Subject to the provisions of sub-clauses (2) (3), (4), (5) and (6) of this Article and the restrictions imposed by Article 141 and the other Articles hereof and the Act (and particularly by Section 297 and 314 of the Act) and the observance and fulfillment thereof, no Director shall be disqualified by virtue of this office from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director, so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relationship thereby established but it is declared that the nature of this interest must be disclosed by him as provided by sub-clauses (2), (3) and (4) hereof, except in the case referred to in sub-clause (5) hereof.

**Disclosure of Interest**

134 (2) Every Director, who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors or as provided by sub-clause (4) hereof.

**General Notice of interest**

134 (4) For the purpose of this Article, a general notice given to the Board of Directors by a Director to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of the notice be entered into with that body corporate or firm shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of financial year in which it is given, but may be renewed for further periods of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. The general notice aforesaid and any renewal thereof shall be given at a meeting of the Board and the Director concerned shall take reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

**Interested Directors not to participate or vote in Board's proceedings**

134 (6) An interested Director shall not take any part in the discussion of or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is any way, directly or indirectly concerned or interested in the contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.

Provided that this prohibition shall not apply to;

(i) any contract of indemnity against any loss which the Directors or anyone or more of them may suffer by reason of becoming or being sureties or a surety for the Company.

(ii) any contract or arrangement entered into with a public company or a private company which is a subsidiary of public company in which the interest of the Director consists solely (a) in his being a director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof he having been nominated as such Director by the Company; being a member holding not more than two percent of the paid-up share capital of such company.

(iii) in case a notification is issued under sub-section (3) of Section 300 of the Act, to the extent specified in the notification.

**REMOVAL OF DIRECTORS****Removal of Directors**

149. (1) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any Director before expiry of his period of office.

(2) Special notice as provided by Article 87 or Section 190 of the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.

(3) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy

thereof to the Director concerned and the Director (whether or not is he a member of the Company) shall be entitled to be heard on the resolution at the meeting.

(4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned with respect thereto makes representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall, unless the representations are received by it too late for it to do so, (a) in any notice of the resolution given to members of the Company, state the fact of the representations having been made and (b) send a copy of the representations to every member of the Company; and if a copy of the representations is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting. Provided that copies of the representation need not be sent or read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by the sub-clause are being abused to secure needless publicity for defamatory matter.

(5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 128 or Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed; provided special notice of the intended appointment has been given under sub-clause(2) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(6) If the vacancy is not filled under sub-clause (5) it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable, of Article 128 or Section 262 of the Act and all the provisions of that Section shall apply accordingly.

(7) A Director who was removed from office under the Article shall not be re-appointed as a Director by the Board of Directors.

(8) Nothing contained in this Article shall be taken

(a) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as Director; or

(b) as derogating from any power to remove a Director which exist apart from this Article.

#### **Director may be director of companies promoted by the Company**

136. A Director may become a director of any company promoted by the Company or in which it may be interested as a vendor, shareholder or otherwise, and subject to the provisions of the Act, and these Articles, no such Director shall be accountable for any benefit received as director or shareholder of such company.

### **ROTATION AND APPOINTMENT OF DIRECTORS**

#### **Retirement by rotation**

142. (1) Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of directors by rotation and, save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in general meeting.

(2) The remaining Directors shall be appointed in accordance with the provisions of these Articles.

(3) At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, then the number nearest to one third, shall retire from office.

#### **Ascertainment of Director's retiring by rotation**

143. Subject to the provisions of the Act and these Articles, the Directors to retire by rotation under the foregoing Articles at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in defaults of and subject to any agreement

among themselves, be determined by lot. Subject to the provisions of the Act, a retiring Director shall retain office until the dissolution of the meeting at which his re-appointment is decided or his successor is appointed.

#### **Eligibility for re-appointment**

144. Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re- appointment.

#### **Company to fill up vacancy**

145. Subject to the provisions of Section 261 and other applicable provisions (if any) of the Act and these Articles, the Company at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacancy by electing the retiring Director or some other person thereto.

#### **Provision in default of appointment**

146. (1) If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday the next succeeding day which is not a public holiday at the same time and place.

(2) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless :

(a) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;

(b) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;

(c) he is not qualified or is disqualified for appointment;

(d) a resolution, whether special or ordinary is required for the appointment or reappointment by virtue of any provisions of the Act; or

(e) Article 150 or the provision to subsection (2) of Section 263 of the Act is applicable to the case.

#### **The Company may increase or reduce the number of Directors**

150. Subject to the provisions of the Act and these Articles, the Company may by ordinary resolution from time to time increase or reduce the number of Directors within the limits fixed by Article 122.

#### **Notice of candidature for office of Directors**

147. (1) Subject to the provisions of the Act and these Articles, any person who is not retiring Director shall be eligible for appointment to the Office of Director at any general meeting, if he or some member intending to propose him has, not less, than fourteen days before the meeting left at the office of the Company a notice in writing under his hand signifying his candidature for the Office of Director or the intention of such member to propose him as a candidate for that office, as the case may be. The Company shall duly comply with the provisions of Section 57 of the Act for informing its members of the candidature of a person for the Office of Director.

(2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 signifying his candidature for the Office of Director) proposed as a candidate for the Office of a Director shall sign and file with the Company his consent in writing to act as a Director if appointed.

(3) A person other than a Director referred to in sub section (2) Section 264 of the Act shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

#### **Disclosure of holdings**



138. A Director, Managing Director, Manager or Secretary of the Company shall give notice in writing to the Company of his holding of shares and debentures of the Company or its subsidiary, together with such particulars as may be necessary to enable the Company to comply with the provisions of the Section 307 of the Act. If such notice be not given at a meeting of the Board, the Director, Managing Director, Manager or Secretary shall take all reasonable steps to secure that it is brought up and read at the meeting of the Board next after it is given. The Company shall enter particulars of Directors, Managing Directors, Managers and Secretaries holding of shares and debentures as aforesaid in a register kept for that purpose in conformity with Section 307 of the Act.

## **MANAGING AND WHOLE-TIME DIRECTORS**

### **Power to appoint Managing or whole time Director**

169. Subject to the provisions of Section 197A, 198, 267, 268, 269, 309, 310, 311, 316 and 317 and other applicable provisions of the Act and of these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors and / or whole-time Director or Whole-time Directors of the Company for such term not exceeding five years at a time and subject to such conditions as they may think fit.

### **Remuneration of Managing Director**

171. The remuneration of the Managing or Whole-time Director (subject to Section 309 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) shall be in accordance with the terms of his contract with the Company.

### **Power and Duties of Managing Directors**

172. Subject to the provisions of the Act and to the terms of any contract with him or them, the Managing Director or Managing Directors shall have the whole or substantially the whole powers of the management of the affairs of the Company.

## **PROCEEDINGS OF DIRECTORS**

### **Meetings of Directors**

151. The Directors may meet together as a Board for the despatch of business from time to time and subject to Section 285 of the Act, a meeting of the Board of Directors shall be held at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings and proceedings as they think fit. The Managing Director, Manager or the Secretary may at any time and at the request of a Director shall convene a meeting of the Board.

### **Quorum**

153. Subject to the provisions of Section 287 of the Act, the Quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding the number of Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceed or is equal to two-thirds of the total strength the number of remaining Directors, that is to say, the number of Directors who are not interested and are present at the meeting, not being less than two, shall be the quorum during such time. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under the Act or the Articles of the Company for the time being vested in or exercisable by the Board of Directors generally.

### **Adjournment of meeting for want of quorum**

154. If a meeting of the Board could not be held for want of a quorum then the meeting shall stand adjourned to such day, time and place as the Director or Directors, present at the meeting may fix.

### **Chairman**

155. The Chairman of the Board of Directors will be a Director elected by the Board.



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**Question at Board meeting how decided (Casting vote)**

157. Questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of any equality of votes the Chairman of the meeting (whether the Chairman or Vice-Chairman appointed by virtue of these Articles or the Director presiding at such meeting) shall have a second and casting vote.

**Directors may appoint Committee**

158. Subject to the provisions of the Section 292 and other provisions of the Act and Article 166 the Directors may delegate any of their power to committees consisting of such member or members of their body as they think fit, and they may from time to time revoke and discharge any such committee either wholly or in part, and either as to persons or purposes, but every Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointments but not otherwise, shall have the like force and effect as if done by the Board. Subject to the provisions of the Act, the Board may from time to time fix the remuneration to be paid to any member or members of that body constituting a Committee appointed by the Board in terms of these Articles, and may pay the same.

**Meetings of the Committees how to be governed**

159. The meeting and proceedings of any such Committee shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto, and are not superseded by any regulations made by the Directors under the last preceding Articles.

**Resolution by Circular**

160. (1) Subject to the provisions of Section 292 and the other applicable provisions of the Act, a resolution passed by circular, without a meeting of the Board or a Committee of the Board appointed under Article 158 shall subject to the provisions of sub-clause (2) hereof and the Act, be as valid and effectual as resolution duly passed at a meeting of the Directors or of a Committee duly called and held.

(2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the Members of the Committee at their respective addresses registered with the Company and has been approved by a majority of the Directors or members of the Committee as are entitled to vote on the resolution.

**Acts of Board or Committee valid notwithstanding defect in appointment**

161. Subject to the provisions of the Act and these Articles, all acts done by any meeting of the Directors, a Committee of Directors or by any person acting as a Director shall notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were or was disqualified, be as valid as if every such person had been duly appointed, and was qualified to be a Director.

**POWERS OF DIRECTORS****General Powers of the Directors**

164. (1) Subject to the provisions of the Act and these Articles, the Board of Directors of the Company shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorised to exercise and do; provided that the Board shall not exercise any power or do any act or things which is directed or required, whether by the Act or any other Act or by the Memorandum or these Articles or otherwise to be exercised or done by the Company in general meeting; provided further that in exercising any such power or doing any such act or thing the Board shall be subject to the provisions contained in that behalf in the Act or in the Memorandum or in these Articles or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in General Meeting.

(2) No regulation made by the Company in general meeting shall invalidate any prior act of the board which would have been valid if that regulation had not been made.

**Certain powers to be exercised by the Board only at Meetings**

166. (1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the

following by powers on behalf of the Company and they shall do so only by means of resolutions passed at a meeting of the Board.

166 (a) The power to make calls on shareholders in respect of money unpaid on their shares;

(b) The power to issue debentures;

(c) The power to borrow money otherwise than on debentures;

(d) The power to invest the funds of the Company;

(e) The power to make loans.

Provided that the Board may by a resolution passed at a meeting delegate to any Committee of Directors or the Managing Director, or the Manager or any other principal officer of the Company or to a principal officer of any of its branch offices, the powers specified in (c), (d) and (e) of this subclause to the extent specified below on such conditions as the Board may prescribe.

(2) Every resolution delegating the power referred to in sub-clause 1 (c) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegate. Provided, however, that where the Company has an arrangement with its Bankers for the borrowing of moneys by way of overdraft, cash credit or otherwise, the actual day to day operation of the said overdraft, cash credit or other accounts by means of which the arrangement made is availed of shall not require the sanction of the Board.

(3) Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amount upto which the funds may be invested and the nature of the investments which may be made by the delegate.

(4) Every resolution delegating the power referred to in subclause (1)(e) shall specify the total amount upto which loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

(5) Nothing in this Article contained shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in items (a) (b) (c) (d) and (e) of sub-clause (1) above.

### **Specific powers of the Board**

167. Without prejudice to the powers conferred by Article 164 and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding two Articles and in the Act, it is hereby declared that the Directors shall have the following powers, that is to say.

(1) To pay all expenses incurred in setting up and registering the Company;

(2) To pay any commission or interest lawfully payable under the provisions of Sections 76 and 208 of the Act and Article 15;

(3) Subject to the provisions of Section 292, and 297 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(4) Subject to the provisions of the Act, to purchase or take on lease for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent, and under any subject to such terms and conditions as the Directors may think fit, and in any such purchase, lease or other acquisition proceedings to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(5) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the Company, in part or in whole, for such rent, and subject to such conditions, as may be thought advisable, to sell such portions of the lands or buildings of the Company as may not be required for the purposes of the company, to mortgage the whole or any portion of the property of the Company for the purpose of the Company, to sell the whole or any portion of the machinery or store belonging to the Company.

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- (6) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;
- (7) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as the Directors may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the company either separately or jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;
- (8) To open accounts with any bank or banks or with any company, firm or individual and to pay money into and draw money from any such account from time to time as the Directors may think fit.
- (9) To secure the fulfillment of any contracts, agreements or engagements entered into by the Company by mortgage or charge of all or any of the property of the company and its uncalled capital for the time being or in such manner as the Directors may think fit.
- (10) To purchase or otherwise acquire for the Company any property (moveable or immoveable) rights, or privileges at or for such price or consideration and generally on such terms and conditions as the Directors may think fit.
- (11) To accept from any member, so far as may be permissible by law, a surrender of his shares, or any part thereof on such terms and conditions as shall be agreed upon;
- (12) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes, and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.
- (13) To institute, conduct, defend, compound, or abandon any legal proceedings, by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company, and to refer any claims or demands by or against the Company or any differences to arbitration and observe and perform any awards made thereon, and any reference to arbitration may be in accordance with provisions of the Indian Arbitration Act.
- (14) To act on behalf of the company in all matters relating to bankrupts and insolvents.
- (15) To make and give receipts, releases, and other discharge for moneys payable to the Company and for the claims and demands of the Company.
- (16) Subject to the provisions of Sections 292, 293 (1) (c), 295, 370 and 372 of the Act and Articles 165 (c) and 166 (1) (d) to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such security (not being shares of this Company), or without security and in such manner as the Directors may think fit, and from time to time to vary or realise such investments. Provided that save as permitted by Section 49 of the Act, all investments shall be made and held in the Company's own name;
- (17) To execute, in the name and on behalf of the Company in favour of any Directors or other persons who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as the Directors may think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (18) To determine from time to time who shall be entitled to sign, on the company's behalf, bills, notes, receipts, acceptances, endorsements, cheque, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
- (19) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company;
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(20) To provide for the welfare of employees or Ex-employees of the Company or its predecessors in business and the wives, widows and families or the dependents or connections of such persons by building or contributing to the building or houses or dwelling or quarters or by grants of moneys, pensions, gratuities, allowances, bonuses, profits sharing bonuses or benefits or any other payments or by creating and from time to time subscribing or contributing to provident funds and other associations, institutions, funds, profit-sharing or other schemes, or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit.

(21) Subject to the provisions of Section 293 and 293A of the Act to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, public, political or any other institutions, objects or purposes or for any exhibition.

(22) Before recommending any dividends to set aside out of the profits of the Company such sums as the Directors may think proper for depreciation to the credit of a Depreciation Fund, General Reserve, Reserve Fund, Sinking Fund or any Special or other Fund or Funds or accounts to meet contingencies, to repay redeemable Preference shares, debentures or debenture stock for special dividends, for equalising dividends, for repairing, improving, extending and maintaining any part of the property of the Company, and/or for such other purposes, (including the purpose referred to in the last two preceding sub-clauses) as the Directors may, in their absolute discretion think conducive to the interest of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by the Act) as the Directors may think fit, and from time to time to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company not with standing that the matters to which the Directors apply or upon which they expend the same or any part thereof may be matters to or upon which the capital money of the Company might rightly be applied or expended and to divide the Reserve, General Reserve or the Reserve Fund into such special funds as the Directors may think fit, and to employ the assets constituting all or any of the above funds or accounts, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Redeemable Preference Shares, debentures or debenture stock and that without being bound to keep the same separate from the other assets, and without being bound to pay or allow interest on the same with power however to the Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Directors may think proper.

(23) To appoint, and at their discretion remove suspend such managers, secretaries, executives, consultants, advisers, officers, assistants, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their power and duties, and fix their salaries, emoluments or remunerations and to require security in such instances and to such amounts as they may think fit.

(24) At any time and from time to time by Power of Attorney, to appoint any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions, (not exceeding those vested in or exercisable by the Board of Directors under these presents and excluding the powers which may be exercised only by the Board of Directors under the Act or these Articles) and for such period and subject to such conditions as the Board of Directors may from time to time think fit and any such appointment may (if the Board of Directors think fit) be made in favour of any of the members of any Local Board, established as aforesaid or in favour of any Company, or the members, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board of Directors and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board of Directors may think fit and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(25) Generally subject to the provisions of the Act and these Articles to delegate the powers, authorities and discretions vested in the Directors to any persons, firm, company or fluctuating body of persons as aforesaid.

(26) Subject to the provisions of the Act and these Articles for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company, to enter into all such negotiations and contracts, and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.

### **Registers, Books and Documents**

168. (1) The Company shall keep and maintain Registers, Books and Documents as required by the Act or these Articles including the following namely

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- (a) Register of investment made by the Company but not held in its own name as required by Section 49 of the Act.
  - (b) Register of Mortgages, Debentures and Charges as required by Sections 143 of the Act.
  - (c) Register of Members and Index of Members as required by Sections 150 and 151 of the Act.
  - (d) Register and index of Debenture-holders as required by Section 152 of the Act.
  - (e) Foreign Register, if necessary as required by Section 157 of the Act.
  - (f) Register of Contracts in which Directors are interested as required by Section 301 of the Act.
  - (g) Register of Directors, Managers (if any) and Secretary ('if' any) as required by Section 303 of the Act.
  - (h) Register of Directors' Shareholdings and Debenture-holdings as required by Section 307 of the Act.
  - (i) Register of loans made by the Company to companies under the same management as required by Section 370 of the Act.
  - (j) Register of Investments made by the Company in Shares or Debentures of any other bodies corporate in the same group as required by Section 372 of the Act.
  - (k) Books of Account as required by Section 209 of the Act;
  - (l) Copies of instruments creating any charge requiring registration as required by Section 136 of the Act;
  - (m) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of Certificates required under Section 161 of the Act;
  - (n) Register of Renewed and Duplicate Certificates according to Rule 7 (2) of the Companies (issue of Share Certificates) Rules, 1960.

The Registers, books and documents kept by the Company shall be maintained in conformity with the applicable provisions of the Act and such of them as are under the Act required to be kept open for inspection shall be kept open for inspection by such persons as may be entitled thereto - respectively, under the Act, on such day and during such business hours, as may, in that behalf be determined in accordance with the provisions of the Act, or these Articles and extracts shall be supplied to the persons entitled thereto in accordance with the relevant provisions of the Act of these Articles.

## **Minutes**

### **Minutes of proceedings of Board of Directors and Committees to be kept**

162. The Company shall cause minutes of the meeting of the Board of Directors and of Committees of the Board to be duly entered in a book or books provided for the purpose in accordance with the provisions of Article 104 hereof. The Minutes shall contain a fair and correct summary of the proceedings at the meeting including the following :

- i) the names of the Directors present at the meeting of the Board of Directors or of any, Committee of the Board;
- ii) all orders made by the Board of Directors and Committee of the Board and all appointments of officers and Committees of Directors,
- iii) all resolutions and proceedings of meetings of the Board of Directors and Committee of the Board.
- iv) in the case of each resolution passed at a meeting of the Board of Directors, or Committees of the Board, the name of the Directors, if any, dissenting from or not concurring in the resolution;

### **Board Minutes to be evidence**

163. (a) Every Director present at any meeting of the Board or of a Committee thereof shall sign his name in a book to be kept for that purpose.

(b) Minutes of any meeting of the Board of Directors or of any Committees of the Board if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be, for all purposes whatsoever, prima facie evidence of the actual passing of the resolution recorded and the actual and regular transaction or occurrence of the proceedings so recorded and the regularity of the meeting at which the same shall appear to have taken place.

## **SECRETARY**

### **Secretary**

173. The Directors may appoint any individual as a Secretary of the Company for such term at such remuneration and upon such conditions as they may think fit, and any secretary so appointed may be removed by them. The directors may appoint any temporary substitute to the Secretary, who shall, for the purpose of these presents, be deemed to be the Secretary. The Secretary shall be responsible for maintaining registers required to be kept under the Act, for making the necessary returns to the Registrar of Companies under the Act, for getting the necessary documents registered with the Registrar and for carrying out all other administrative and ministerial acts, duties and functions which a Secretary of a Company is normally supposed, to carry out, such as giving the necessary notices to the members, preparing minutes of the meetings of members and of Directors and of any Committee of Directors and maintaining minutes books and other statutory documents and he shall carry out and discharge such other functions and duties as the Directors or the Managing Directors or Manager may from time to time require him to do.

## **THE SEAL**

### **The seal, its custody & use**

174. The Board shall provide a Common Seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by or under the authority of the Board or a Committee of Directors.

### **Deeds how executed**

175. Every deed or other instrument to which the seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney of the Company, be signed by two Directors in whose presence the seal shall have been affixed. A certificate of shares shall be signed as provided in Article 16.

### **Seal Abroad**

176. The Company may exercise the powers conferred by Section 50 of the Act and such powers shall accordingly be vested in the Board.

## **DIVIDENDS**

### **Division of profits**

178. The profits of the Company, subject to special rights, if any, relating thereto created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to be capital paid up on the shares held by them respectively. Provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall, unless the Board otherwise determine, only entitle the holder of such share, to an apportioned amount of such dividend as from the date of payment.

### **Company in General Meeting may declare dividend**

181. (1) The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits, and subject to the provisions of the Act, may fix the time for payments. When a dividend has been so declared, the warrant in respect thereof shall be posted within forty-two days from the date of the declaration to the shareholders entitled to the payment of the same.

### **But not larger than recommended by Directors**

181 (2) No larger dividend shall be declared than is recommended by the Directors, but the Company in general meeting may declare a smaller dividend. Subject to the provisions of the Act and in particular Section 207 thereof, no dividend shall payable

except out of the profits of the year or any other undistributed profits of the Company, and the declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

181 (3) The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve

#### **Interim Dividend**

182. Subject to the provisions of the Act, the Directors may from time to time pay to the members on account of the next forthcoming dividend such interim dividends as in their judgement, the position of the Company justifies.

#### **Capital paid up in advance at interest not to earn dividends**

179. Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to participate in profits

#### **Dividends in proportion to amount paid up**

180. The Company may pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or created as paid up on some shares than on others.

#### **No Member to receive dividend while indebted to the Company and the Company's right of reimbursement thereof**

184. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any moneys may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

#### **Dividends how remitted**

187. A dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled, or in case of joint-holders to that one of them first named in Register in respect of the joint-holding. Every such cheque shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto, by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means.

#### **Unclaimed dividends**

185 (i). Unclaimed dividends shall be dealt with by the Board in accordance with the provisions of Section 205A and other relevant provisions of the Act.

#### **Unpaid or Unclaimed Dividend**

185. (ii) Subject to provisions of Section 205A and other related provisions of the Companies Act, 1956 including any amendment thereto, where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "\_\_\_\_\_ Unpaid Dividend Account".

The company shall transfer any money transferred to the unpaid dividend account of a company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 205C of the Act. The Board shall forfeit no unclaimed or unpaid dividend.

#### **Dividend and call together**

188. Any general meeting declaring a dividend may make call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and that the dividend may, if so arranged between the Company and the members be set off against the calls.



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**Dividend to be payable in cash**

189. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid up Bonus Shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

**CAPITALISATION****Capitalisation**

190. (1) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account, or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve fund or any other fund of the Company, or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Shares Premium Account and/or the Capital Redemption Reserve Account) may be capitalised;

(a) by the issue and distribution as fully paid shares, debentures, debenturestock, bonds or obligation of the Company, or

(b) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Accounts may be, applied in

(i) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;

(ii) in writing off the preliminary expenses of the Company;

(iii) in writing off the expenses of the commission paid or discount allowed on any issue of shares or debentures of the Company; or

(iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company, to be issued to the members of the Company as fully paid bonus shares.

(2) Such issue and distribution under sub-clause (1)(a) above and such payment to the credit of unpaid share capital under sub-clause (1) (b) above shall be made to among and in favour of the; members or any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (1) (a) or payment under sub-clause (1) (b) above shall be made on the footing that such members become entitled thereto as capital.

(3) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full the shares, debentures or debenture-stock, bonds or other obligations of the Company so distributed under sub-clause (1) (a) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clauses (1) (b) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.

(4) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture-stock, bonds or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotments and sale of such shares debentures, debenture-stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.



(5) Subject to the provisions of the Act and these Articles, in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid shares, and the partly paid shares, the sums so applied in the payment of such further shares and in the extinguishments or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

(6) When deemed requisite, a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

## **ACCOUNTS**

### **Books of Accounts to be kept**

191. (1) The Company shall keep at its Registered Office proper books of account as required by Section 209 of the Act with respect to :-

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;

(b) all sales and purchase of goods by the Company; and

(c) the assets and liabilities of the Company;

Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of directors may decide and when the Board of Directors so decide, the Company shall, within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

(2) If the Company shall have a branch office, whether in or outside India, proper books of account relating to the transactions effected at the office shall be kept at that office and proper summarised returns made upto date at intervals of not more than three months, shall be sent by the branch office to the Company at its Registered Office or other place in India, as the Board thinks fit, where the said books of the Company are kept.

### **Inspection by members**

193. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts, books and documents of the Company or any of them, shall be open to the inspection of the members and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute or authorised by the Directors or by a resolution of the Company in General Meeting.

### **Statements of accounts to be furnished to General Meeting**

194. The Board of Directors shall lay before each Annual General Meeting, a Profit and Loss Account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date which shall not precede the day of meeting by more than six months or such extended period as shall have been granted by the Registrar of Companies under the provisions of the Act.

### **Right of Members or others to copies of balance sheet and Auditors' report**

199. The Company shall comply with the requirements of Section 219 of the Act.

### **Accounts to be audited**

201. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

### **Appointment, Qualification and disqualification of Auditors**

202. (1) The Company at the Annual General Meeting in each year shall appoint as Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting, and shall, within seven days of the appointment give intimation thereof to every auditor so appointed.

(2) At any Annual General Meeting, a retiring Auditor, by whatever authority appointed, shall be reappointed, unless

- (a) he is not qualified for re-appointment
- (b) he has given the Company notice in writing of his unwillingness to be reappointed.
- (c) A resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed or
- (d) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons, as the case may be, the resolution cannot be proceeded with

(3) Where at an Annual General Meeting no auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy

(4) The Company shall, within seven days of the Central Government's power under sub-clause (3) becoming exercisable, give notice of that fact to the Government.

(5) The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy be caused by the resignation of an Auditor, the vacancy shall only be filled by the company in General Meeting.

(6) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of the Resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and the provisions of section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a Resolution that a retiring Auditor shall not be re-appointed.

(7) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.

(8) None of the persons mentioned in Section 226 of the Act as being not qualified for appointment as Auditors, shall be appointed as Auditors of the Company.

#### **Accounts when audited and approved to be conclusive except as to errors discovered within 3 months**

206. Accounts of the Company when audited and approved by a general meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within the said period, the account shall forthwith be corrected, and thenceforth shall be conclusive.

#### **DOCUMENTS AND SERVICE OF DOCUMENTS**

##### **Service on members**

207. (1) A document (which expression for this purpose shall be deemed to include and shall include any summons, notice, requisition, process, order, judgment or any other document in relation to or in the winding up of the Company) may be served or sent by the Company on or to any member either personally or by sending it by post to him at his registered address, or if he has not registered address in India to the address, if any supplied by him to the Company for giving of notices to him.

(2) Where a document is sent by post;

(a) service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice provided that where a member has intimated to the company in advance that the document should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the

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manner intimated by the member, and

(b) such service shall be deemed to have been effected :

(i) in the case of a notice of a meeting, at the expiration of forty-eight hours after the letter containing the notice is posted, to any place in India.

(ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

#### **Members to be bound by document given to previous holders**

212. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document in respect of such share which, previous to his name and address being entered on the Register, shall have been duly served on the person from whom he derives his title to such share.

### **AUTHENTICATION OF DOCUMENTS**

#### **Authentication of document of proceedings**

215. Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, or Secretary or an authorised officer of the Company and need not be under its seal.

### **WINDING UP**

#### **Distribution of assets**

216. Upon the winding up of the Company, the holder of the equity shares shall be entitled to be repaid the amount of capital paid up or credited as paid up on such shares and all surplus assets, thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up. If the assets shall be insufficient to repay the whole of the paid up equity capital such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members holding equity shares in proportion to the capital paid up or which ought to have been paid up on equity shares held by him respectively at the commencement of the winding up other than the amounts paid by them in advance of calls.

#### **Distribution in specie and kind**

217. (1) If the Company shall be wound up, the liquidator may with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not,

(2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such divisions shall be carried out as between the members or different classes of members,

(3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of, the contributors, as the liquidator with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereof there is any liability.

### **INDEMNITY AND RESPONSIBILITY**

#### **Directors and others right of indemnity**

219. Subject to the provision of Section 201 of the Act, every Director, Managing Director, Manager, Secretary and other officer or employees of the Company and the Trustees (if any) for the time being acting in relation to any affairs of the Company, shall be indemnified by the Company against, any liability incurred by them or him in defending any proceedings, whether civil or criminal, in which judgment is given in their/his favour or in which they or he are/is acquitted or in connection with any application under Section 633 in which relief is granted to them or him by the Court, and it shall be the duty of Directors out of funds of the Company, to pay all costs, losses and expenses (including travelling expenses) which any such Directors, Managing Director or officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by them or him as such Directors, Managing Director, officer or employee or in any way in discharge of his duties.

**Directors and other officers not responsible for acts of others**

220. Subject to the provisions of Section 201 of the Act, no Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or other act of conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation with whom any money, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgement or oversight on his part, or for any other loss or damage or misfortune whatever shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through wilful misconduct or neglect or dishonesty.

**SECRECY CLAUSE****Secrecy Clause**

218. No member shall be entitled to visit or inspect the Company's works without the permission of the Board, or the Managing Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Board or of the Managing Director it will be inexpedient in the interests of the members of the Company to communicate to the public.

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## SECTION X: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus have been delivered to the Registrar of Companies, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai – 400 701, Maharashtra, India from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Draft Red Herring Prospectus until the Bid / Issue Closing Date of this Issue.

#### *Material Contracts to the Issue*

1. Engagement letters dated January 19, 2010 for appointing Motilal Oswal Investment Advisors Private Limited and Centrum Capital Limited as the BRLMs to this Issue.
2. Issue Agreement dated August 18, 2010 between our Company and BRLMs to this Issue.
3. Memorandum of Understanding dated August 20, 2010 between our Company and Link Intime India Private Limited as Registrar to the Issue.
4. Tripartite agreement between the NSDL, our Company and the Registrar dated October 26, 2009.
5. Tripartite agreement between the CDSL, our Company and the Registrar dated October 31, 2009.
6. Escrow agreement dated [●] between our Company, the BRLMs, Escrow Collection Banks, and the Registrar to the Issue.
7. Syndicate Agreement dated [●] among our Company, the BRLMs and the Syndicate Members
8. Underwriting agreement dated [●] between our Company, and the BRLMs.

#### *Material Documents for Inspection*

9. Our Company's MoA and AoA, as amended.
10. Our Company's Certificate of Incorporation dated May 20, 1986 and Certificate for the "change of name" dated March 13, 1995
11. Resolution passed by the Board of Directors at its meeting held on September 12, 2009 authorising the Issue
12. Resolution passed by the shareholders of our Company at its meeting held on October 24, 2009 authorising the Issue
13. Reports of the Auditors, M/s. P. D Kunte & Co., Chartered Accountants, regarding restated financials of the Company for the last five years.
14. Copies of the annual reports of our Company for the years ended March 31 2006, 2007, 2008, 2009 and 2010
15. Statement of Tax Benefits from M/s. P. D Kunte & Co., Chartered Accountants, regarding tax benefits available to our Company and its shareholders.
16. Consent of Auditors, Bankers to the Company, BRLMs, Legal Advisors to this Issue, Director, Company Secretary and Compliance Officer, Registrar to the Issue, as referred to in their respective capacities.
17. In-principle listing approvals dated [●] and [●] from BSE and NSE, respectively.
18. Due diligence Certificate dated August 21, 2010 from BRLMs to SEBI.


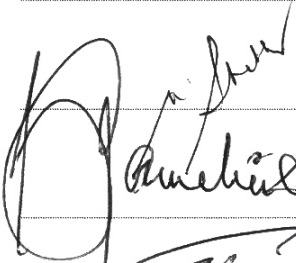
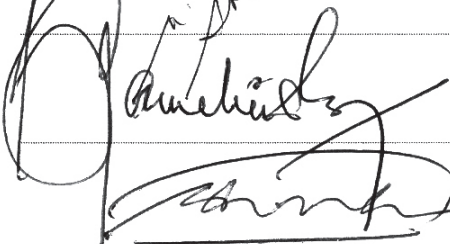
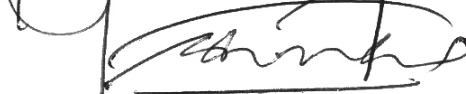

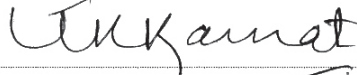



19. Consent of [●], the IPO Grading Agency for inclusion of their report dated [●] in the form and context in which they appear in the Draft Red Herring Prospectus and the Prospectus.
20. Memorandum of Understanding dated June 16, 2009 in the name of Preferred Stock Financing Agreement between our Company and Galaxy Holdings (Mauritius) Limited
21. Non-Compete Agreement dated January 21, 2010 between our Company and Galaxy Emulsifiers Private Limited
22. Share Purchase and Transfer and Settlement Agreement dated March 25, 2010 executed by and between Mr. Gerd Dahms, Mr. Sebastian Dahms, Dr. Andreas Jung, OTC GmbH, Deutsche Immo Invest GmbH, Rainbow Holdings GmbH, our Company, Galaxy Holdings (Mauritius) Limited and TRI-K

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

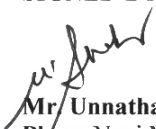
## DECLARATION

We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.


### SIGNED BY ALL THE DIRECTORS OF GALAXY SURFACTANTS LIMITED

SR. NO.	NAME OF DIRECTOR	SIGNATURE
1.	<b>Mr. Shekhar Ravindranath</b> (Chairman - Independent Director)	
2.	<b>Mr. Unnathan Shekhar</b> (Managing Director)	
3.	<b>Mr. Gopalkrishnan Ramakrishnan</b> (Whole-time Director)	
4.	<b>Mr. Shashikant Rayappa Shanbhag</b> (Whole-time Director)	
5.	<b>Mr. Sudhir Dattaram Patil</b> (Non- Executive and Non- Independent Director)	
6.	<b>Mr. Uday Krishna Kamat</b> (Whole-time Director - Executive Director, Finance)	
7.	<b>Mr. Venkatesh Kasturirangan</b> (Non - Executive and Non - Independent Director)	
8.	<b>Mr. Subodh Satchitanand Nadkarni</b> (Independent Director)	
9.	<b>Mr. Melarkode Ganesan Parameswaran</b> (Independent Director)	

### SIGNED BY MANAGING DIRECTOR

  
**Mr. Unnathan Shekhar**  
 Place: Navi Mumbai

### SIGNED BY EXECUTIVE DIRECTOR, FINANCE

  
**Mr. Uday Krishna Kamat**  
 Date: August 21, 2010.