



Galaxy Surfactants Ltd.
24th Annual Report: 2009 - 2010



Creating a platform
for future

• Exports to 80 countries • Over 1000 customers • First acquisition in USA



2009 - Galaxy Surfactants Limited acquired Tri-K Inc. and its subsidiary Maybrook Inc. in USA.

For over 30 years, Tri-K Industries has been bringing innovative concepts and products to life for the cosmetics industry.

For more information please visit our website
www.tri-k.com

 **TRI-K**
A MEMBER OF THE  *Galaxy* GROUP



CORPORATE INFORMATION

Board of Directors

S. Ravindranath
Chairman
U. Shekhar
Managing Director
G. Ramakrishnan
S. R. Shanbhag
Uday K. Kamat
S. D. Patil
Subodh S. Nadkarni
Venkatesh Kasturirangan
M. G. Parameswaran

Audit Committee

Subodh S. Nadkarni
Chairman
S. Ravindranath
M. G. Parameswaran
G. Ramakrishnan
Uday K. Kamat - (By Invitation)

Auditors

S. V. Pinge & Co.
Chartered Accountants, Mumbai.

Company Secretary

Ganesh Kamath

Bankers

Standard Chartered Bank
The Saraswat Co-operative Bank Ltd.
IDBI Bank
Citi Bank
DBS Bank
The Shamrao Vithal Co-operative Bank Ltd.

Registered & Corporate Office

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

Plants

Plot Nos. W-44 (C), N-46/1 & 2, W-67 (B), G-59, M-3,
M.I.D.C. Tarapur, Post Boisar - 401 506.
Plot No. V-23, M.I.D.C. Taloja, Panvel, Dist. Raigad, Pin - 410 208.
Plot No. 1, Village Chal, CIDCO, Near M.I.D.C. Taloja,
Panvel, Dist. Raigad, Pin - 410 208. (100% EOU).

Share Transfer Agent

Intime Spectrum Registry Ltd.
Building C-13, First Floor, Pannalal Silk Mill Compound,
L. B. S. Road, Bhandup (West), Mumbai - 400 078.

Contact

Visit Galaxy at www.galaxysurfactants.com
Send E-mail to galaxy@galaxysurfactants.com
Call us at 91-22-2761 6666, 91-22-6513 4444

Subsidiaries

Galaxy Chemicals Inc.
151 Veterans Drive, PO Box 128,
Northvale, NJ 07647, USA.

Galaxy Holdings (Mauritius) Ltd.
Level 11, One Cathedral Square, Port
Louis, Mauritius.

Galaxy Chemicals (Egypt) S.A.E.
Plot No. 9, Block M, The Public Free
Zone, Attaka, Suez, Egypt.

Rainbow Holdings GmbH
c/o Raupach & Wollert Emlendorff
Schwanstrasse 6, 40476, Dusseldorf,
Germany

Tri-K Industries, Inc.
151 Veterans Drive, PO Box 128,
Northvale, NJ 07647, USA.

Maybrook Inc.
151 Veterans Drive, PO Box 128,
Northvale, NJ 07647, USA.

TWENTY FOURTH ANNUAL GENERAL MEETING

Day : Saturday, 24th July, 2010
Time : 3.00 p. m.
Place : At the Registered Office :
C-49/2, TTC Industrial Area,
Pawne, Navi Mumbai - 400 703,
Maharashtra, India

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Proxy	

Financial Performance

5 Years Track Record

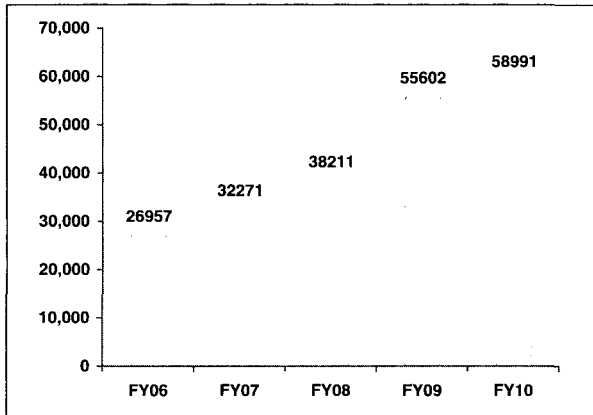
(Rs. Lakhs)

	FY10	FY09	FY08	FY07	FY06
Profit & Loss Account					
Sales	58991	55602	38211	32271	26957
Other Income	303	341	461	104	69
PBDIT	8574	6400	5402	5009	2864
PBIT	6849	4931	4201	3903	1781
Interest	1247	1726	837	710	881
Profit Before Taxation	5602	3205	3364	3193	900
Profit After Taxation	4036	2672	2640	2524	566
Earning Per Share of Rs.10 # (Rs)	23.56	15.60	15.41	14.74	3.31
Dividend Per Share of Rs.10 # (Rs)	4.00	2.50	2.50	2.50	0.50
Balance Sheet					
Fixed Assets	19935	15584	12545	11175	11215
Investments	4286	50	49	49	49
Foreign Currency Monetary Item Translation Difference Account		19			
Net Current Assets	9047	10305	8113	6843	6189
	33268	25958	20707	18067	17453
Equity Capital	1773	856	856	856	856
Reserves & Surplus	13503	10536	8336	6229	4151
Loan Funds	16171	12951	9966	9481	10891
Deferred Tax Liability	1821	1615	1549	1501	1555
	33268	25958	20707	18067	17453
# Adjusted for bonus issue in FY10					
PBIT as % of Sales	11.6	8.9	11.0	12.1	6.6
Fixed Assets Turnover (No.of times)	3.0	3.6	3.0	2.9	2.4
PAT/ Sales (%)	6.8	4.8	6.9	7.8	2.1
Return on Capital Employed (%)	23.1	21.0	21.7	22.0	10.2
Return on Net Worth (%)	30.3	26.0	32.4	41.7	11.9

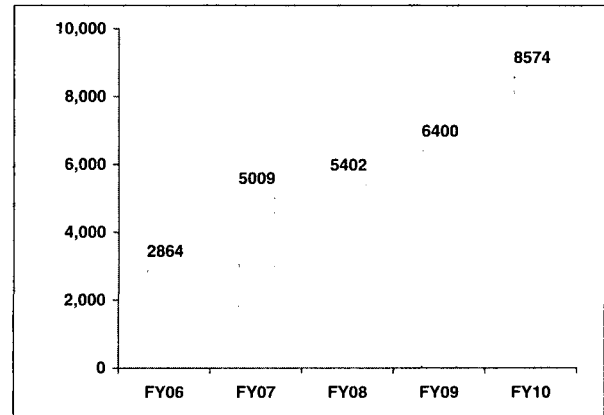
PERFORMANCE TRENDS



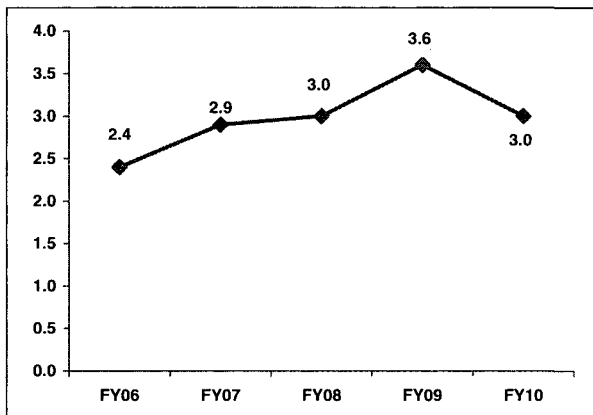
Sales (Rs. Lakhs)



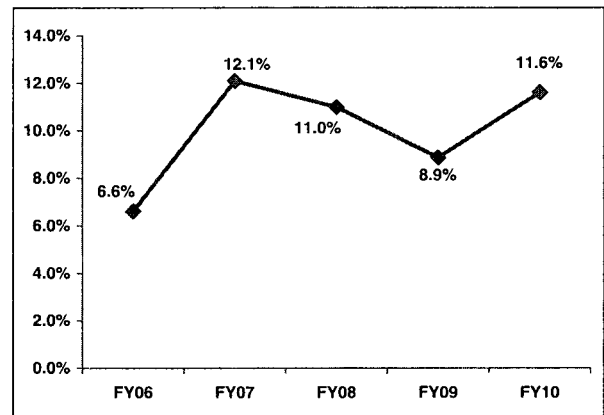
PBDIT (Rs. Lakhs)



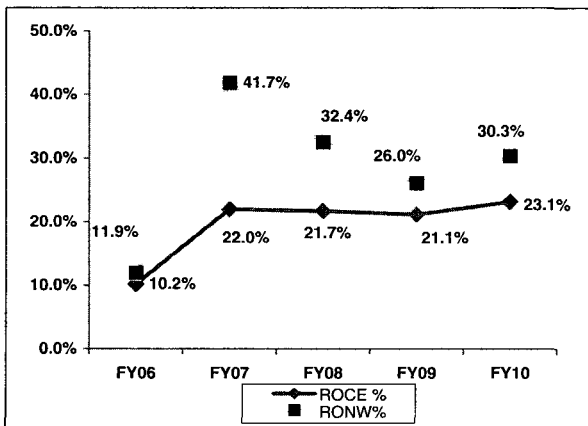
Fixed Assets Turnover (No. of times)



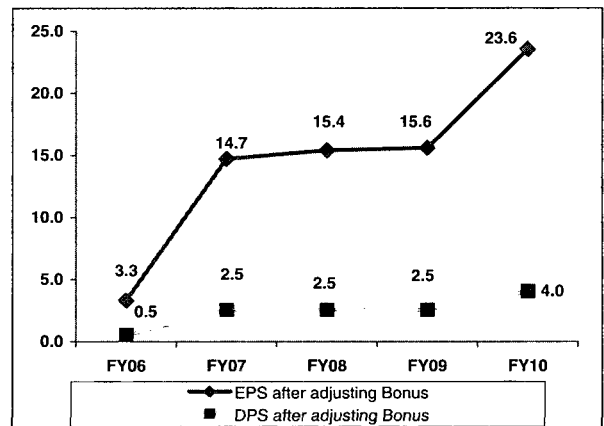
PBIT as % of Sales



Return on Capital Employed (%)
Return on Net Worth (%)



Earning & Dividend Per Share (Rs.)



NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of Galaxy Surfactants Limited will be held on Saturday, the 24th day of July, 2010 at 3.00 p.m. at the Registered Office of the Company at C - 49/2, TTC Industrial Area, Pawne, Navi Mumbai – 400 703 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2010, the Balance Sheet as at that date and the Reports of the Directors and Auditors.
2. To confirm payment of interim dividend and declare a final dividend on equity shares.
3. To appoint a Director in place of Mr. S. Ravindranath, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. R. Shanbhag, who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Uday K. Kamat, who retires from office by rotation and, being eligible, offers himself for re-appointment.
6. To consider and, if though fit, to pass with or without, the following Resolution as an Ordinary Resolution:

RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s P.D.Kunte & Co., Chartered Accountants (Registration No. 105479W), be appointed as the statutory auditors of the Company, in place of the retiring auditors of M/s S.V.Pinge & Co., Chartered Accountants to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, plus service tax and such other tax(es), as may be applicable, and reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company.

SPECIAL BUSINESS

7. Amendment of Articles of Association

To consider and if thought fit to pass the following resolution, with or without modification, as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and the same are hereby altered in the following manner:

- 1) The existing Article 7 be substituted by inserting the below mentioned new Article 7:-

7. *Shares at the disposal of the Directors*

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.

- 2) The existing Article 16 (b) & Article 17 be substituted by inserting the below mentioned new Article 17 :-

17. *Limitation of time for issue of certificates*

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.

- 3) A new Article 16 (b) shall be inserted after the existing Article 16 (a) as mentioned below:-

Sub-division / Consolidation of certificates:

16(b) Every certificate shall specify the name(s) of the person(s) in whose favour the certificate is issued, the shares to which it relates and the amount paid thereon.

No certificate of any share or shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are old, decrepit, or as mentioned in Article 18, unless the certificate in lieu of which it is issued is surrendered to the Company.

Provided that the company may charge such fee, if any, subject to the provisions mentioned in Article 18, not exceeding Rs.2 per certificate issued on splitting or consolidation of share certificates as the Board thinks fit.

Where any certificate is issued in any of the circumstances specified above, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Issued in lieu of share certificate No.....sub-divided /replaced/ on consolidation of shares."

No duplicate share certificate shall be issued in lieu of those that are lost or destroyed without the prior consent of the Board and subject to the compliance of the requirements mentioned in Article 18.

When any certificate is issued in any of the circumstances specified above, it shall state on the face of it and against the stub or counterfoil to the effect that it is a "duplicate issued in lieu of share certificate No....." Further the word "duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

The provision of this Article shall mutatis mutandis apply to debentures of the company.

- 4) The existing Article 18 be substituted by inserting the below mentioned new Article 18 :-

18. Issue of new certificate in place of one defaced lost or destroyed:

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 debentures of the company.

- 5) The existing Article 28 be substituted by inserting the below mentioned new Article 28 :-

28. Payment in anticipation of calls may carry interest

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.

- 6) The existing Article 40 be substituted by inserting the below mentioned new Article 40 :-

40. *Company's lien on shares / debentures*

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.

- 7) The existing Article 45 be substituted by inserting the below mentioned new Article 45 :-

45 *Instrument of transfer:*

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.

- 8) The existing Article 46 be substituted by inserting the below mentioned new Article 46 :-

46. *Directors may refuse to register the transfer:*

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.

- 9) The existing Article 57 be substituted by inserting the below mentioned new Article 57 :-

57. *No fee on transfer or transmission:*

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.

- 10) The existing Article 60 be substituted by inserting the below mentioned new Article 60:-

60. *Further issue of shares*

1. Where at any time after the expiry of two years from the formation of the company or at any time after expiry of one Year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:

- (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
- (b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain the statement to this right;
- (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the

Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

2. Notwithstanding anything contained in sub clause (1) the further shares as aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
 - (a) If a special resolution to that effect is passed by the company in general meeting, or
 - (b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - (a) To extend the time within which the offer should be accepted; or
 - (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made declined to take the shares comprised in the renunciation.
4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company:
 - (i) To convert such debentures or loans into shares in the Company; or
 - (ii) To subscribe for shares in the company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the central government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans."

- 11) The existing Article 72 be substituted by inserting the below mentioned new Article 72

72. Term of issue of debenture:

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.

- 12) The existing Article 185 be renumbered as Article 185(i) and insert the below mentioned Article; as Article 185 (ii) :-
185. (ii). Unpaid or unclaimed dividend:

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.

8. **Payment of Commission to Non-Executive Directors**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT subject to the provisions of the Sections 198, 309, and other applicable provisions of the Companies

Act, 1956 read with Article 131 of the Articles of Association of the Company and also subject to such approvals as may be necessary, the approval of the shareholders is hereby accorded to the payment of such commission to the Non-Executive Directors of the Company as may be decided by the Board of Directors of the Company PROVIDED HOWEVER THAT the aggregate commission so payable to all the Non-Executive Directors of the Company per annum shall not exceed 1% of the net profits of the Company calculated in accordance with the provisions of Section 309(5) and other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the commission amount and the structure of payment will be determined and reviewed by the Board of Directors from time to time commensurate with the prevalent best practices in terms of remunerating Non-Executive directors adequately for the time and contribution made by them.

RESOLVED FURTHER THAT the commission as stated above is payable in addition to the sitting fees payable to the Non-Executive directors for attending the meetings of the Board of Directors/its Committees and shall be payable for a period of three accounting years starting from the 1st of April, 2010 and ending with 31st March, 2013 and will cover new appointments in such capacity on the Board of the Company, during the said period.

RESOLVED FURTHER THAT the commission as stated above shall be payable only after the payment of commission to the Executive Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company, or Committee of Directors thereof be and are hereby authorised to take all steps as may be necessary, proper or expedient to give effect to this resolution"

Registered Office:

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

Date: June 12, 2010

By order of the Board,
For Galaxy Surfactants Limited,

Ganesh Kamath
*Head- Resource Mobilisation & Utilisation Process &
Company Secretary*

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A SHAREHOLDER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY EIGHT HOURS BEFORE THE TIME OF COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from **10th of July, 2010 to 24th of July, 2010** (both days inclusive) for the purpose of determining entitlement for the payment of dividend for the year ended 31st March, 2010, if declared by the Company.
3. The dividend for the year ended 31st March, 2010, if declared at the Annual General Meeting, will be payable, subject to the provisions of Section 206A and other applicable provisions of the Companies Act, 1956, to those Shareholders whose names appear on the Company's Register of Members as on the date of the Annual General Meeting.
4. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, the dividend declared and paid up to the year ended 2001-02 has been transferred to Investor Education and Protection Fund. No claim up to the above period shall lie either against the Company or against the said Fund.
5. The Members who have not yet encashed their dividend warrants, if any, for the years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 may claim the unclaimed dividend directly from the Company. For the information of shareholders, the Dividend declared for the year ended 2002-03 is due to be transferred to Investor Education and Protection Fund during September, 2010.
6. Members are requested to forward all future correspondence relating to investor relations to Registrar and Share Transfer Agent viz., Link Intime India Pvt. Ltd at the following address:
Link Intime India Pvt. Ltd
Unit: Galaxy Surfactants Limited,
Building C-13, First Floor, Pannalal Silk Mill Compound,
L.B.S. Road, Bhandup – West, Mumbai - 400 078.
Phone : 2596 3838, 25963857, Fax No. 2594 6969.
Email: mumbai@linkintime.co.in`
For any need the investors are requested to approach the Company on its email ID: investorservices@galaxysurfacatants.com.
7. Members are requested to dematerialise the shares held by them in the Company. The ISIN number us INE600K01018.
8. Members are requested to bring their copies of the Annual Report at the meeting.

Registered Office:
C-49/2, TTC Industrial Area,
Pawne, Navi Mumbai - 400 703

By order of the Board
For Galaxy Surfactants Limited

Ganesh Kamath
*Head – Resource Mobilisation & Utilisation Process &
Company Secretary*

Date: June 12, 2010



EXPLANATORY STATEMENT

PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956,

Item No. 7

At the Extra Ordinary General Meeting held on 24th of October 2009 the members have given their approval to make an Initial Public Offer (IPO) of Equity shares through Book Building Process and get them listed on the Stock Exchanges. In pursuance thereto, the Bombay Stock Exchange and National Stock Exchange, on the request of the Company, have vetted its Articles of Association and suggested alterations to ensure that the Articles of Association of the Company are in consonance with their listing requirements.

Accordingly it is proposed to alter/substitute some of the Articles as set out in the proposed resolution and to align them to the Articles as suggested by the Bombay Stock Exchange & National Stock Exchange.

Alteration of Articles of Association requires a Special Resolution of the shareholders.

No Director is interested or in any way concerned in the proposed resolution.

The Articles of Association duly incorporating therein the proposed alterations is open for inspection of members at the Registered Office of the Company on all working days, except Saturdays and Sundays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

Your Board recommends Resolution No. 7 for your approval.

Item No. 8

At the 21st Annual General Meeting held on 29th June 2007, the members had given their consent for payment of commission to the Non-Executive Directors on the Board of the Company for a period of 3 years ending 31st March 2010, not exceeding Rs. 3 lacs per Non-Executive Director per annum, in addition to the sitting fees paid for attending the meeting of the Board and its Committees.

Your Board is of the opinion that Non-Executive Directors need to be fairly remunerated for their time and contribution in the performance of the Company. Your Company benefits from their professional expertise as independent professionals/business executives and through their invaluable experience in corporate excellence.

Your Board recommends that the Company continue to pay commission to the Non Executive Directors on the Board of the Company for a further period of three years commencing from 1st April 2010 to 31st March 2013.

Your Board proposes to pay to the Non-Executive Directors such remuneration as the Board of Directors may deem appropriate within the overall limit of 1% of the Net Profits of the Company, calculated in accordance with the provisions of Section 309(5) and other related provisions of the Companies Act, 1956.

Your Board is of the opinion that within the maximum permissible limits prescribed under the law, it should be able to structure, review and determine the commission payable to Non-Executive Directors in line with their respective contributions and prevalent best corporate practices.

Payment of such remuneration to Non-Executive Directors of the Company requires the approval of shareholders by way of Ordinary Resolution under section 309 and other related provisions of the Companies Act, 1956.

The Board of Directors recommends the proposed resolution 8 for approval of shareholders.

Except the Non-Executive Directors on the Board viz., Mr. V. Kasturirangan, Mr. Subodh Nadkarni, Mr. M. G. Parameswaran, Mr. Sudhir D. Patil and Mr. S. Ravindranath, no other Director is concerned or interested in the proposed resolution.

Registered Office:

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

By order of the Board
For Galaxy Surfactants Limited

Date: June 12, 2010

Ganesh Kamath
Head – Resource Mobilisation & Utilisation Process &
Company Secretary



DIRECTORS' REPORT



TO THE SHAREHOLDERS

Your Directors have great pleasure in presenting the Twenty Fourth Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2010

FINANCIAL RESULTS:

Particulars	Rupees in lakhs	
	2009-10	2008-09
Net Sales :		
Domestic	27262.05	25116.79
Exports*	31729.30	30485.04
Total Net Sales	58991.35	55601.83
Profit Before Interest & Depreciation	8573.76	6400.00
Less : Interest & Finance Charges	1247.30	1725.95
Less : Depreciation	1724.06	1468.57
Profit for the year Before Tax	5602.40	3205.48
Less : Provision for Taxation		
- Current	1363.40	446.00
- Deferred	206.13	65.88
- Fringe Benefit Tax	-	22.00
- Prior Year Tax Adjustment	(2.83)	-
Net Profit after Tax	4035.70	2671.60
Add: Opening Balance in Profit & Loss Account	7803.27	5902.62
Amount available for appropriations	11838.97	8574.22
Appropriations		
Transfer to General Reserve	404.00	270.00
Interim Dividend Paid on Equity Shares	428.18	-
Proposed Final Dividend on Equity Shares	265.91	428.18
Corporate Dividend Tax paid on Interim Dividend	72.77	-
Provision for Corporate Dividend Tax on Final Dividend	45.19	72.77
Surplus carried to Balance Sheet	10622.92	7803.27

*includes deemed exports

EQUITY SHARE CAPITAL:

During the year, your Company gave a bonus of one for every one share held in your Company to the members whose names were appearing in the Register of Members on the record date of 20th November, 2009. This has increased the Equity Share Capital of your Company from Rs 8,56,36,880/- to Rs 17,12,73,760/-.

Your Company has also made a preferential issue of 6,00,000 (Six Lakhs) Equity Shares to its employees, non promoter directors, employee welfare trust and business associates at an issue price of Rs 110/- per share. This has further increased the Equity Share Capital of your Company from Rs 17,12,73,760/- to Rs 17,72,73,760/-.

During the year, your Company has entered into an agreement for dematerialization of the Shares with both the depositories viz., National Securities Depository Limited and Central Depository Services (India) Limited. Hence, the share capital of your Company can now be held by the members in dematerialised form.

DIVIDEND:

On the enhanced post bonus share capital of Rs 17,12,73,760/-, your Company has paid an interim dividend of 25% i.e. Rs 2.50 per share in December 2009. Including the dividend distribution tax, the total pay out for interim dividend is Rs 5,00,95,434/-

On the enhanced Equity Capital of Rs 17,72,73,760/-, post preferential issue of 6,00,000 Equity Shares, the directors are pleased to recommend a final dividend of 15% i.e., Rs 1.50 per share. Including the dividend distribution tax, the total pay out for final dividend is Rs 3,11,10,215/-.

The total dividend pay out for the year including the proposed final dividend will absorb Rs 8,12,05,649/- including dividend distribution tax of Rs1,17,96,145/- .

BUSINESS & FINANCIAL PERFORMANCE:

The performance of your Company for the year is reflected by the following ratios:

Measure	2009-10	2008-09
Net Sales Growth (%)	6.10	45.51
PBDIT (% to Net Sales)	14.53	11.51
PBIT (% to Net Sales)	11.61	8.87
PBT (% of Net Sales)	9.50	5.77
PAT (% to Net Sales)	6.84	4.80
ROCE (%)	23.13	21.04
Return on Net Worth (%)	30.27	25.96
Debt : Equity Ratio	1.06	1.14
Net Current Assets (% to Sales)	15.34	18.53
Earning Per Share (Rs.)	23.56**	31.20*
Cash Earning Per Share (Rs.)	34.83**	49.11*
Book Value Per Share (Rs.)	86.17**	133.03*

**On 1,77,27,376 shares

*On 85,63,688 shares

BUSINESS PERFORMANCE

Business Conditions & Results:

The year began on a note of caution based on turbulent economic, business and financial conditions experienced in the previous year due to the financial melt down. Your Company navigated the flow of opportunities very well during the year.

The following highlights are noteworthy:

- Sales during 2009-10 registered a growth of 6.1% over previous year. The fall in price levels in 2009-10 vis-à-vis 2008-09 has moderated the value growth; otherwise your company achieved a volume growth of 25.7% during the year.
- Due to better off takes and new customer acquisition efforts, your Company did experience capacity constraints across its product range during the year.
- The year showed improved profitability at 9.5% of PBT (% of Net Sales) as against 5.77% in the previous year.
- In terms of profitability of the business and investments, the current year's performance has been heartening giving us confidence in scaling up investments and laying the foundation for accelerated growth in next five years.

Business Strategy & Execution:

To sustain growth with returns to investors, your Company is currently focusing on:

- Moving manufacturing facilities near to customers and markets
- Increase the global market share by acquiring new overseas customers
- Leverage customer relations by new product offerings, higher up the value chain
- Proximity to customers operating in regional and local markets

Your Company has made good progress in moving business efforts in this direction.

The following highlights are noteworthy:

- Your Company is putting up its first greenfield facility outside India, in Egypt.
- Your Company has firmed up investment plans at Jhagadia, Gujarat.
- Your Company has expanded the sulphation capacity at Taloja. This facility should enable your Company to meet the growth needs and improve domestic market play which is a promising growth market.

FINANCIAL PERFORMANCE:

Despite the global concerns on economic growth and stability, your Company began the year with optimism, in its ability to weather the conditions and pitch for future growth with confidence. It derived such confidence from the fact that it operates in the Personal & Home Care industry, which is a robust business and further your Company's business is spread across all the regions, globally.

The following highlights are noteworthy:

- The ROCE on average capital invested in business improved to 23.13% for the year from 21.04% in the previous year

- During the year 2009-10, your Company did not suffer any translation loss in its USD based working capital funds. Further, the borrowing costs were lower than 2008-09. Hence, there is a reduction in Interest & Finance Charges for 2009-10.
- Your Company continues to retain the investment grade rating conferred by CRISIL for its bank loan limits as per the requirements of the Basel II norms.

SALES GROWTH & COMPOSITION:

Sales Group	Year 2009 -10		Year 2008 -09		% YOY Growth
	Sales (Rs. Lakhs)	% Share	Sales (Rs. Lakhs)	% share	
Domestic Sales	27262.05	46.21%	25116.79	45.17%	8.54%
Export Sales	31729.30	53.79%	30485.04	54.83%	4.08%
Total Net Sales	58991.35	100.00%	55601.83	100.00%	6.10%

- The decrease in share of exports in the total business and its lower growth is on account of capacity constraints and preference given in meeting the needs of the domestic market.
- Higher volume growth did not reflect fully in sales growth on account of lower price levels.
- Your Company's sustained international presence, marketing organization, focus on acquiring new customers, leveraging customer relations for cross selling opportunities, supplemented by application development efforts has enabled your Company to deepen and broaden the business.

Domestic Sales:

Though the economic conditions prevailing in the market in early 2009-10 were guarded, it improved as the year progressed. In spite of the challenges in the environment, local business continued to fortify its position in the domestic market.

Forging ahead, in the coming year, your Company is confident of continuing its leadership position in the domestic market.

Export Sales:

Your Company continued to maintain its overseas impetus with its products touching over 80 countries with continuous growth in volumes in appreciating currency scenario.

During the year, your Company acquired Tri-K Industries Inc.; a USA based marketing organization in the field of specialty ingredients in Skin Care and Hair Care segments. This acquisition has strengthened the product portfolio and has also provided an access to a well established supply chain in USA. This will help your Company to extend penetration in the developed market of North America and faster developing market of South America.

HUMAN RESOURCES:

Your Company believes in maintaining its prime focus on nurturing and developing talent pool, succession planning and competency building to achieve sustained growth.

During the year the major focus was on employee engagement, competency assessment and getting young talent into your Company.

QUALITY

Your Company undertakes continuous effort to nurture and sustain quality consciousness in all the people and processes. It endeavors to accomplish this by continuously participating in external benchmarking forums and programmes like TPM, Du Pont Safety, ISO, OSHAS and RBNQA.

MANAGEMENT INFORMATION SYSTEMS

Your Company continues to pursue more avenues for using IT systems to facilitate business processes. Increasing SAP usage for company operations has continued and your Company has implemented SAP PS module during the current year for tracking and monitoring expansion projects.

SAFETY, HEALTH & ENVIRONMENT (SHE):

Your Company engaged with DuPont Safety Management in building capability to develop world class safety practices. Extensive focus was given on training employees and creating awareness of behavioral safety.

Your Company has complied with all environmental consent conditions at all its locations.

The SHE performance is being reviewed at all review forums.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company has initiated measures for a structured approach to CSR activities which focuses on Educare, Healthcare and Sociocare.

As a part of the Educare programme, your Company has adopted a school near Taloja and is extending monetary support to strengthen the physical infrastructure of the school. Employees of your Company participate in teaching students at the school.

As a part of the Healthcare programme, throughout the year, a weekly dispensary was operated for the students and their parents. Eye and Skin Health Camps were conducted at Tarapur and Taloja.

As a part of the Sociocare programme, three de-fluoridation plants were sponsored in District Anantpur of Andhra Pradesh. Financial help was given to Amar Sewa Sangam in Tamil Nadu and to few other institutions working for mentally and physically challenged people.

FIXED DEPOSITS

Your Company's fixed deposits are Rs 2031.80 Lakhs with 782 fixed deposit holders at the end of the year under review as against Rs 980.05 Lakhs last year. There are no overdue deposits as at 31st March, 2010.

SUBSIDIARY COMPANIES:

During the year 2009-10, four additional companies became the subsidiaries of your Company within the definition of subsidiary company under the Companies Act, 1956.

As required under section 212 of the Companies Act, the Audited Statement of Accounts along with reports of the Directors' and Auditors' for each of these subsidiaries and a statement of Company's interest in subsidiary are attached.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to "Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo" are given as "Annexure – A" and forms part of this report.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in "Annexure – B" and forms integral part of this report..

BOARD OF DIRECTORS

At the ensuing Annual General Meeting following Directors on the Board of your Company are liable to retire by rotation:

- Mr. S. Ravindranath
- Mr. S. R. Shanbhag
- Mr. Uday K. Kamat

The retiring Directors offer themselves for re-appointment.

Your Company is proposing to come out with a public issue and have its shares listed on the stock exchanges. The Corporate Governance Standards applicable to listed companies and the listing agreement to be entered into with stock exchanges require the Board to have one of its independent members as its Chairman to conduct and preside over its meetings.

In compliance, Mr. U. Shekhar, who till now was presiding over the Board meetings as Chairman, relinquished his position as the Chairman effective close of the business hours on 13th March, 2010. The Board has then unanimously chosen Mr. S. Ravindranath to act as the Chairman and preside over the meetings of the Board to be held in future.

The shareholders' resolution approving the payment of commission to Non Whole time Directors of your Company passed at the 21st Annual General Meeting was valid for a period of 3 years. Your Company proposes a resolution seeking your approval for continuing payment of commission for a further period of three years till 31st March 2013. The commission amount and structure of payment will be determined by the Board commensurate with the best practices in terms of remunerating non executive directors of a company of similar size and which adequately compensates for the time and contribution made by our non executive directors.

AUDITORS

M/s. S. V. Pinge & Co., Chartered Accountants, the Statutory Auditors of your Company hold office until the conclusion of the ensuing Annual General Meeting.

M/s. S. V. Pinge & Co., Chartered Accountants have expressed their unwillingness to be re-appointed as the Statutory Auditors of your Company on their retirement at the ensuing Annual General Meeting.

Your Board, after due deliberations recommends M/s P. D. Kunte & Co, (Regd.), Chartered Accountants to be appointed as the Statutory Auditors of your Company to hold office from ensuing Annual General Meeting to the next Annual General Meeting.

Your Company has received from M/s P. D. Kunte & Co (Regd.) a certificate expressing their willingness to act as Statutory Auditors of the Company, if appointed and have further confirmed that the said appointment would be within the prescribed limits under Section 224(1-B), of the Companies Act, 1956. Your Board recommends their appointment.

Your Directors wish to record their appreciation for the services rendered by M/s S. V. Pinge & Co., Chartered Accountants as Statutory Auditors of the Company for the past eight years.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to requirements of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm: -

1. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year ended 31st March, 2010 and of the profit of your Company for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
4. that they have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the wholehearted and sincere co-operation your Company has received from its Employees, Shareholders, Customers, Suppliers, Bankers, Financial Institutions and various departments of the central and state governments.

For and on behalf of the Board

12th June 2010
Navi Mumbai

U. Shekhar
Managing Director

G. Ramakrishnan
Director
Home & Personal Care (Global)

ANNEXURE TO THE DIRECTORS' REPORT

Annexure – A

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO AND PARTICULARS UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956

A. CONSERVATION OF ENERGY:

Your Company continues to give high priority to conservation of energy on an ongoing basis and has taken measures to improve operating parameters vis-à-vis energy conservation possibilities in the year under review by initiating the following steps:

- Innovated new processes wherein the thermal energy requirement is brought down substantially by utilizing the heat of exotherm of reaction itself.

Disclosures of particulars with respect to conservation of energy

Power and Fuel Consumption

	2009-10	2008-09
(I) ELECTRICITY		
a) Purchased:		
Unit in 1000 KWH	10669	4,478
Total amount (Rs. in Lakhs)	601.58	242.14
Rate/KWH (Rs.)	5.64	5.41
b) Own Generation :		
through Diesel Generator :		
Unit in 1000 KWH	9446	12862
Total amount (Rs. in Lakhs)	567.89	759
Rate/ KWH (Rs.)	6.01	5.90
(II) FUEL		
a) Light Diesel Oil		
Quantity in KL	865	684
Total Cost (Rs. in Lakhs)	318.38	256.93
Rate/KL (Rs)	36796	37584
b) Furnace Oil		
Quantity in KL	596	581
Total Cost (Rs. in Lakhs)	143.37	151.32
Rate/KL (Rs)	24065	26040
c) Coal		
Quantity in MT	4472	3706
Total Cost (Rs. in Lakhs)	256.92	215.99
Rate/MT (Rs)	5746	5828

(III) CONSUMPTION PER UNIT OF PRODUCTS

As there are no separate meters for different products, the product-wise consumption of power is not available.

B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Primary focus:

- Develop ingredients and blends for the personal and home care industries meeting customer's value propositions
- Conduct testing and evaluation of Company's products to establish performance and functionality and communicate the benefits appropriately to the customer
- Transfer technology to commercial scale through process optimisation studies in the pilot plant
- Establish syndet and transparent soap technology through superior formulations, processing, product assessment and panel tests
- Strive for excellence in surfactant science and technology through understanding of structure-property relationships

Achievements:

- Developed commercial technology for manufacture of amino acid based surfactants with validation of its mildness benefits
- Commercialised various syndet and transparent soap formulations meeting customer's requirements
- Initiated contract research and formulation development in the personal care industry for specific customers

Particulars	(Rs. in Lakhs)	
	2009-10	2008-09
Expenditure on R & D	394.40	743.80

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange used and earned:

a) <u>Expenditure incurred in Foreign Currency:</u>		
Raw Material & Packing Material (C.I.F. Value)	11881.26	18247.11
Capital Goods	672.51	358.14
Spares & others	175.32	43.80
Foreign Travel	59.26	64.63
Exports Commission	320.35	330.08
Professional Fees	94.90	37.57
Exhibitions, Subscription & Membership, Training and Seminar	37.06	71.00
Interest & Processing Charges on Borrowings	104.72	129.70
Advances, no longer recoverable	407.55	-
Others	116.12	200.60
b) <u>Earnings in Foreign Currency:</u>		
F.O.B. Value of Exports	30364.56	29041.32

(This does not include exports to Nepal, deemed exports)

For and on behalf of the Board

Navi Mumbai
June 12, 2010

U. Shekhar
Managing Director

G. Ramakrishnan
Director
Home & Personal Care (Global)

"Annexure - B"

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st March, 2010.

A. Persons employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 200,000/- P.M.

Name	Age	Designation	Gross Remuneration Rs.	Qualification	Experience	Date of Commence-ment of Employment	Previous Employment / Position Held
1. Mr. D. S. Ballal	52	Leader - Business Creation - Asia Pacific	38,24,945	B.Com, Diploma in Business Management	28	August 10, 1992	Dasaprakash Ice Creams - General Manager
2. Mr. G. Ramakrishnan	55	Director – Home & Personal Care (Global)	86,51,151	M.Com., F.C.A., F.I.C.W.A.	33	May 20, 1986	Colgate Palmolive (I) Ltd. - Accountant
3. Mr. G. M. Kamath	52	Head - RMU Process & Company Secretary	39,34,860	CAIIB, LLB, AICWA, ACIB, ACS	32	September 10, 2004	Indusind Bank - Head - Retail Credit
4. Mr. K. K. Natarajan	45	Chief of Operations	56,61,683	B.Com., A.I.C.W.A	25	April 21, 1993	Indian Organic Chemicals Ltd. - Deputy Manager-Finance
5. Mr. S. R. Shanbhag	56	Whole-time Director	86,27,233	B.Com., A.C.A., Grad. C.W.A.	33	May 20, 1986	Colgate Palmolive (I) Ltd.- Accountant
6. Mr. U. Shekhar	55	Managing Director	88,54,015	B.Chem. Engg. (UDCT), PGDBM (IIM Cal)	33	May 20, 1986	Lupin Laboratories Ltd. - Management Trainee
7. Mr. U. K. Kamat	55	Executive Director – Finance	86,07,150	B.Com., A.C.A., Grad. C.W.A.	33	April 1, 2003	Practising Chartered Accountant
8. Mr. V. S. Kulkarni	35	Head - New Projects & Technology Process and Conversion	43,55,303	B.E (Chemical Engineering)	14	June 17, 1995	None
9. Mr. V. K. Sood	55	Leader - Soaps & Syndet Business	24,96,561	B.A, PG. Diploma in Marketing & Sales Management	31	August 1, 1986	Indman's Consultants Pvt Ltd - Manage
10. Mr. Y. S. Kalra	40	Leader - Business Creation (Europe, APAC, AMET)	33,21,744	A.C.A, A.I.C.W.A	15	August 1, 1995	Apple Industries Ltd – Assistant Manager-FSD

B. Persons employed for part of the year and were in receipt of remuneration in aggregate of not less than Rs. 200,000/- P.M.

Name	Age	Designation	Gross Remuneration Rs.	Qualification	Experience	Date of Commence-ment of Employment	Previous Employment / Position Held
11. Mr. Sunil Nair	44	Head - Quality	25,38,195	B.Tech – Chemical	18	April 27, 2009 [Pharmaceutical Technology]	At Suwaidi Services Dubai

Notes :

- The nature of employment in all cases is contractual and is subject to the rules and regulations of the Company in force from time to time.
- Remuneration as shown above includes Salary, Commission, Bonus, HRA, Employee Provident Fund and perquisites/benefits like LTA, Medical etc., valued as per the Income Tax Act, 1961.
- None of these employees are related to any Directors of the Company.

For and on behalf of the Board

Navi Mumbai
June 12, 2010

U. Shekhar
Managing Director

G. Ramakrishnan
Director – Home & Personal Care (Global)



AUDITORS' REPORT



To the members of
GALAXY SURFACTANTS LIMITED

We have audited the attached Balance Sheet of **GALAXY SURFACTANTS LIMITED** as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and report that:

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010, from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956;
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S. V. PINGE & CO.
Chartered Accountants,
(Registration No. 122667W)

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 12, 2010

ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS OF GALAXY SURFACTANTS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2010.

[Referred to in paragraph 1 of the above Report]

1. In respect of fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) In our opinion, the fixed assets disposed off during the year are not substantial and hence the going concern status of the Company is not affected.
2. In respect of inventories:
 - a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and discrepancies noticed on physical verification between the physical stocks and book records were not material in relation to the operations of the Company.
3. In respect of loans taken or granted:
 - a) The Company has granted an unsecured loan to one party listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 258.23 lakhs and outstanding at the year end was Rs. 258.23 lakhs.
 - b) The aforesaid unsecured loan is interest-free and is granted to Galaxy Surfactants Limited – Employees Welfare Trust, which is settled by the Company for the benefit of its employees. In our opinion, the terms and conditions of the said unsecured loan are not, *prima facie*, prejudicial to the interest of the Company.
 - c) The terms of arrangements do not stipulate any repayment schedule. Accordingly, paragraph 4(iii) (c) of the Order is not applicable to the Company in respect of repayment of the principal amount.
 - d) There is no overdue amount in respect of the above loan. Accordingly, paragraph 4(iii) (d) of the Order is not applicable to the Company.
 - e) The Company had taken loans/fixed deposits from twenty seven parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 650.55 lakhs and outstanding at the year end was Rs. 650.55 lakhs.
 - f) In our opinion, the rate of interest and other terms and conditions on which the loans have been taken from the parties listed in the register under Section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interests of the Company.
 - g) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. Further, on the basis of our examinations and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. In respect of register u/s. 301:
 - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the

provisions of Sections 58A, or other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 as applicable, with regard to the deposits accepted from the public. According to the information and explanations given to us, in this regard, no Order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. To the best of our knowledge, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products of the Company.
9. In respect of statutory dues:
 - a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
 - b) As at 31st March, 2010 according to the records of the Company and the information and explanations given to us, the following are the particulars of disputed dues on account of Excise Duty that has not been deposited:

Name of the Statute	Nature of dues	Amount of demand Rs.	Period to which the demand relates	Forum where dispute is pending
Central Excise Laws	Excise Duty	1,17,516	1990-1991	Superintendent of Central Excise on remand by Customs, Excise & Service Tax Appellate Tribunal

10. The Company does not have accumulated losses as at 31st March, 2010 and has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. No debentures have been issued by the Company.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the provisions of any special statute as specified under Clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
15. The Company has given a guarantee for loan taken by a wholly owned subsidiary from a bank. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not, *prima facie*, prejudicial to the interests of the Company.
16. According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, no funds raised on a short-term basis have been used for long term investment.
18. According to the information and explanations given to us, the Company has made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
19. The Company has not issued any debentures and hence the provisions of Clause (xix) of paragraph 4 of the Order are not applicable to the Company.
20. During the year covered by our audit, the Company has not raised any money by public issues.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. V. PINGE & CO.
Chartered Accountants,
(Registration No. 122667W)

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 12, 2010



BALANCE SHEET

AS AT 31ST MARCH, 2010

	SCHEDULE	31ST MARCH, 2010 Rupees	31ST MARCH, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	17,72,73,760	8,56,36,880
Reserves & Surplus	B	135,02,98,481	105,35,70,471
Loan Funds			
Secured Loans	C	132,13,27,034	110,45,12,436
Unsecured Loans	D	29,58,34,790	19,06,17,261
Deferred Tax Liability (Net)	E	18,21,18,653	16,15,05,602
TOTAL		332,68,52,718	259,58,42,650
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	F	298,02,75,223	234,62,02,714
Less: Depreciation		106,15,49,662	89,26,62,892
Net Block		191,87,25,561	145,35,39,822
Capital Work-in-Progress at cost, including advances		7,47,36,123	10,48,98,792
		199,34,61,684	155,84,38,614
Investments	G	42,86,32,794	50,07,215
Foreign Currency Monetary Item Translation Difference Account (Refer Note No. 18 of Schedule T)		48,750	19,17,500
Current Assets, Loans & Advances			
Inventories	H	67,95,88,736	68,17,36,426
Sundry Debtors	I	70,43,08,304	79,73,41,923
Cash & Bank Balances	J	11,11,95,178	5,89,79,907
Other Current Assets	K	10,618	2,05,783
Loans & Advances	L	34,99,40,174	30,81,69,031
		184,50,43,010	184,64,33,070
Less: Current Liabilities and Provisions			
Current Liabilities	M	84,51,89,098	72,87,15,388
Provisions	N	9,51,44,422	8,72,38,361
Net Current Assets		90,47,09,490	103,04,79,321
TOTAL		332,68,52,718	259,58,42,650
Notes to the Accounts	T		
Schedules "A" to "T" annexed hereto form part of these accounts			

As per our Report attached.

For S.V. PINGE & CO.
Chartered Accountants

For and on behalf of the Board

S. V. PINGE
Proprietor

U. SHEKHAR
Managing Director

S. R. SHANBHAG
Whole-Time Director

G. RAMAKRISHNAN
Director
Home & Personal Care (Global)

U. K. KAMAT
Executive Director - Finance

G. KAMATH
Head - Resource Mobilisation & Utilisation
Process & Company Secretary

Navi Mumbai
Date : June 12, 2010



P ROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2010



	<u>SCHEDULE</u>	<u>31ST MARCH, 2010 Rupees</u>	<u>31ST MARCH, 2009 Rupees</u>
INCOME			
Gross Sales		618,70,10,116	593,77,55,239
Less : Excise Duty		28,78,75,513	37,75,71,767
Net Sales		589,91,34,603	556,01,83,472
Other Income	O	3,02,82,535	3,41,16,483
TOTAL		<u>592,94,17,138</u>	<u>559,42,99,955</u>
EXPENDITURE			
Material Cost & Inventory Adjustments	P	412,13,34,288	414,07,76,268
Personnel Costs	Q	29,06,32,783	22,99,58,267
Other Manufacturing, Selling and Administrative Expenses	R	66,00,73,831	58,35,65,380
TOTAL		<u>507,20,40,902</u>	<u>495,42,99,915</u>
Profit Before Interest & Depreciation		85,73,76,236	64,00,00,040
Interest & Finance Charges	S	12,47,29,808	17,25,94,964
Profit Before Depreciation		73,26,46,428	46,74,05,076
Depreciation	F	17,24,06,466	14,68,57,095
Profit Before Tax		56,02,39,962	32,05,47,981
Provision for Taxation			
- Current Tax		13,63,40,000	4,46,00,000
- Deferred Tax		2,06,13,051	65,87,739
- Fringe Benefit Tax		-	22,00,000
- Prior Year Tax Adjustment		(2,83,628)	-
Net Profit for the year		40,35,70,539	26,71,60,242
Add : Profit brought forward from last year		78,03,27,229	59,02,62,421
Less : Transferred to General Reserve		4,04,00,000	2,70,00,000
Interim Dividend		4,28,18,440	-
Proposed Dividend		2,65,91,064	4,28,18,440
Dividend Distribution Tax		1,17,96,145	72,76,994
Balance carried to Balance Sheet		<u>106,22,92,119</u>	<u>78,03,27,229</u>
Earning Per Share - Basic & Diluted (Face value of Rs 10/- each) (Refer Note No. 13 of Schedule T)		23.56	15.60

Notes to the Accounts T
Schedules "A" to "T" annexed hereto form part of these accounts

As per our Report attached.

For S.V. PINGE & CO.
Chartered Accountants

For and on behalf of the Board

S. V. PINGE
Proprietor

U. SHEKHAR
Managing Director

S. R. SHANBHAG
Whole-Time Director

G. RAMAKRISHNAN
Director
Home & Personal Care (Global)

U. K. KAMAT
Executive Director - Finance

G. KAMATH
Head - Resource Mobilisation & Utilisation
Process & Company Secretary

Navi Mumbai
Date : June 12, 2010



SCHEDULES

ANNEXED TO AND FORMING PART OF THE ACCOUNTS

24th Annual Report
2009-2010

	<u>31ST MARCH, 2010 Rupees</u>	<u>31ST MARCH, 2009 Rupees</u>
A. CAPITAL :		
Authorised :		
5,00,00,000 Equity Shares of Rs.10/- each (Previous Year: 2,50,00,000 Equity Shares of Rs.10/- each)	<u>50,00,00,000</u>	<u>25,00,00,000</u>
TOTAL	<u>50,00,00,000</u>	<u>25,00,00,000</u>
Issued, Subscribed & Paid-up :		
1,77,27,376 Equity Shares of Rs.10/- each, fully paid-up. (Previous Year : 85,63,688 Equity Shares of Rs.10/- each, fully paid up)	<u>17,72,73,760</u>	<u>8,56,36,880</u>
Includes, 1,19,32,813 Equity Shares of Rs.10/- each, issued as fully paid-up Bonus Shares by capitalisation of Securities Premium, Reserves and balance in Profit & Loss Account. (Previous Year : 33,69,125 Equity Shares of Rs.10/- each.)		
TOTAL	<u>17,72,73,760</u>	<u>8,56,36,880</u>
B. RESERVES & SURPLUS :		
Capital Reserve :		
Capital Subsidy received from the Government of Maharashtra under the Package Scheme of Incentives, balance as per last year	<u>2,11,20,721</u>	<u>2,11,20,721</u>
	<u>2,11,20,721</u>	<u>2,11,20,721</u>
Capital Redemption Reserve :		
Balance as per last year	<u>8,04,43,000</u>	<u>8,04,43,000</u>
Less: Capitalised during the year for Issue of Bonus Shares	<u>(8,04,43,000)</u>	<u>-</u>
	<u>-</u>	<u>8,04,43,000</u>
Securities Premium :		
Balance as per last year	<u>3,13,52,390</u>	<u>3,13,52,390</u>
Add: Received during the year	<u>6,00,00,000</u>	<u>-</u>
Less: Capitalised during the year for Issue of Bonus Shares	<u>(51,93,880)</u>	<u>-</u>
	<u>8,61,58,510</u>	<u>3,13,52,390</u>
General Reserve :		
Balance as per last year	<u>14,03,27,131</u>	<u>11,04,50,881</u>
Add: Transitional effect on account of Notification on AS-11, The Effects of Changes in Foreign Exchange Rates	<u>-</u>	<u>28,76,250</u>
Add: Transfer during the year from Profit & Loss Account	<u>4,04,00,000</u>	<u>2,70,00,000</u>
	<u>18,07,27,131</u>	<u>14,03,27,131</u>
Profit & Loss Account :		
Balance of Profit as per Profit & Loss Account	<u>106,22,92,119</u>	<u>78,03,27,229</u>
TOTAL	<u>135,02,98,481</u>	<u>105,35,70,471</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
(Contd..)

	31ST MARCH, 2010 Rupees	31ST MARCH, 2009 Rupees
C. SECURED LOANS :		
Term Loans from Banks	94,76,10,000	47,85,54,096
Cash Credit and Working Capital Demand Loan from Banks	37,37,17,034	62,59,58,340
TOTAL	132,13,27,034	110,45,12,436
D. UNSECURED LOANS :		
Working Capital Demand Loan from a Bank	2,00,86,194	73,71,824
Fixed Deposits	20,31,80,000	9,80,05,000
Interest-free loan by way of Deferral of Sales-Tax from the Government of Maharashtra under the Package Schemes of Incentives.	7,14,38,596	7,81,75,170
Loan from Directors	11,30,000	70,65,267
TOTAL	29,58,34,790	19,06,17,261
E. DEFERRED TAX LIABILITY (NET) :		
Deferred Tax Liabilities :		
Fixed Assets & Depreciation	19,51,98,455	17,25,03,322
Deferred Tax Assets :		
Retirement Benefits	(1,25,85,995)	(1,09,97,720)
Others	(4,93,807)	-
TOTAL	18,21,18,653	16,15,05,602

F. FIXED ASSETS :

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 31.03.2009 Rupees	Additions during the year Rupees	Deletions during the year Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees	Additions during the year Rupees	Deletions during the year Rupees	As at 31.03.2010 Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
1. Leasehold Land	18,92,76,526	11,55,000		19,04,31,526	1,22,32,327	19,88,294		1,42,20,621	17,62,10,905	17,70,44,199
2. Factory Building	37,43,71,618	13,42,80,104		50,86,51,722	9,56,72,592	1,30,78,642		10,87,51,234	39,99,00,488	27,86,99,026
3. Building - Others	4,27,11,653			4,27,11,653	98,40,278	6,96,200		1,05,36,478	3,21,75,175	3,28,71,375
4. Plant & Machinery	154,32,83,718	46,61,92,672	12,14,421	200,82,61,969	71,44,15,305	13,97,10,640	7,86,630	85,33,39,315	115,49,22,654	82,88,68,413
5. Furniture & Fixtures	4,57,06,388	78,22,977	55,854	5,34,73,511	82,81,069	29,48,570	47,282	1,11,82,357	4,22,91,154	3,74,25,319
6. Vehicles	2,78,98,056	39,51,876	26,07,577	2,92,42,355	1,01,27,412	24,08,021	21,63,568	1,03,71,865	1,88,70,490	1,77,70,644
7. Office Equipments	12,29,54,755	2,52,95,043	7,47,311	14,75,02,487	4,20,93,909	1,15,76,099	5,22,216	5,31,47,792	9,43,54,695	8,08,60,846
TOTAL	234,62,02,714	63,86,97,672	46,25,163	298,02,75,223	89,26,62,892	17,24,06,466	35,19,696	106,15,49,662	191,87,25,561	145,35,39,822
Previous Year	195,78,31,239	41,78,02,365	2,94,30,890	234,62,02,714	76,77,80,449	14,68,57,095	2,19,74,652	89,26,62,892	145,35,39,822	

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
(Contd..)

	31ST MARCH, 2010 Rupees	31ST MARCH, 2009 Rupees
G. INVESTMENTS :		
(Non-trade, long term, valued at cost)		
Unquoted		
2,020 Equity Shares of Rs. 10/- each fully paid-up of The Saraswat Co-op. Bank Ltd. (Previous Year : 2,020 Equity Shares)	20,200	20,200
15,000 Equity Shares of Rs.10/- each fully paid-up of The North Kanara G.S.B. Co-op. Bank Ltd. (Previous Year : 15,000 Equity Shares)	1,50,000	1,50,000
1000 Equity Shares of Rs.25/- each fully paid-up of Shamrao Vitthal Co-op Bank Ltd. (Previous Year : Nil)	25,000	-
National Savings Certificates	2,000	2,000
Kisan Vikas Patra	5,000	5,000
12,000 Shares of face value US \$ 0.01 each fully paid up of Galaxy Chemicals Inc. (Subsidiary) (Previous Year :12,000 shares)	46,17,814	46,17,814
5,00,000 Equity Shares of face value US \$1 each fully paid up of Galaxy Holdings (Mauritius) Ltd (Subsidiary) (Previous Year :1 Equity Share)	2,37,25,040	49
83,50,000 Preference Shares of face value US \$1 each fully paid up of Galaxy Holdings (Mauritius) Ltd (Subsidiary) (Previous Year :Nil)	39,81,23,475	-
Quoted		
7,200 Equity Shares of Rs 10/- each fully paid up of Union Bank of India (Previous Year : 7,200 Equity Shares) (Market Value : Rs 21,09,240/- , Previous Year : Rs 10,60,200/-)	1,15,200	1,15,200
Share Application Money with Galaxy Holdings (Mauritius) Ltd	18,49,065	96,952
TOTAL	42,86,32,794	50,07,215
H. INVENTORIES :		
(Taken, valued and certified by a Director, including lying with third parties)		
Raw Materials	15,04,76,855	16,33,97,073
Packing Materials	1,98,01,813	2,09,67,087
Finished Goods	24,10,74,480	19,29,15,443
Work-in-Process	22,00,04,804	25,57,86,653
Consumables, Stores & Others	4,82,30,784	4,86,70,170
TOTAL	67,95,88,736	68,17,36,426
I. SUNDRY DEBTORS :		
(Unsecured, considered good)		
Debts outstanding over six months	46,46,314	1,56,38,940
Other Debts*	69,96,61,990	78,17,02,983
TOTAL	70,43,08,304	79,73,41,923
* Includes Rs 95,77,619/- (Previous year: Nil) receivable from a subsidiary		
J. CASH AND BANK BALANCES :		
Cash on hand	26,21,537	29,07,417
With Scheduled Banks :		
In Current Account	10,65,54,483	5,19,51,443
- In Fixed Deposit Account	17,60,305	30,45,100
With Non-Scheduled Banks :		
- In Current Account with Krungthai Bank, Bangkok (Maximum amount outstanding at anytime during the year Rs. 10,64,613/- Previous Year Rs. 10,78,091/-)	2,58,853	10,75,947
TOTAL	11,11,95,178	5,89,79,907

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
(Contd..)

	31ST MARCH, 2010 Rupees	31ST MARCH, 2009 Rupees
K. OTHER CURRENT ASSETS :		
Interest accrued on Bank Deposits	10,618	2,05,783
TOTAL	10,618	2,05,783
L. LOANS AND ADVANCES :		
(Unsecured, considered good)		
Advances recoverable in cash or kind for value to be received *	28,19,53,885	17,79,64,497
Intercorporate loan to a subsidiary	-	4,31,12,000
Tender, Security & Other Deposits	1,12,76,826	1,06,18,932
Balance with Excise Dept. in Current Account	2,41,17,178	3,48,41,134
Income Tax Paid (Net of Provisions)	3,25,92,285	4,16,32,468
TOTAL	34,99,40,174	30,81,69,031
* Includes Rs 21,39,300/- (Previous Year Rs. 46,74,228/-) recoverable from subsidiaries		
M. CURRENT LIABILITIES :		
Sundry Creditors and Expenses Payable *	50,04,01,616	37,24,70,898
Bills Payable	26,49,36,106	30,60,90,365
Creditors for Capital Expenditure	1,46,68,685	64,16,628
Advances from Customers	2,56,84,912	1,78,45,888
Unclaimed Dividend **	18,99,900	11,03,548
Security & Other Deposits	8,59,653	8,65,328
Other Liabilities	1,74,32,329	1,51,53,409
Interest accrued but not due	1,93,05,897	87,69,324
TOTAL	84,51,89,098	72,87,15,388
* Includes Rs.50,33,787/- due to Micro and Small Enterprises to the extent such parties have been identified from available information. (Previous Year Rs. 44,89,776/-)		
** Refer Note No. 11 of Schedule "T"		
N. PROVISIONS :		
Provision for Taxation (Net of Payments)	2,28,94,745	47,87,176
Proposed Dividend	2,65,91,064	4,28,18,440
Provision for Dividend Distribution Tax	45,19,151	72,76,994
Provision for Retirement Benefits	4,11,39,462	3,23,55,751
TOTAL	9,51,44,422	8,72,38,361
O. OTHER INCOME :		
Dividend Income	87,500	53,800
Interest on Bank Deposits	3,04,199	2,95,434
Sale of Scrap	39,77,052	47,69,871
Income from Cash Discount	1,71,19,001	83,85,981
Interest - Others	62,46,787	5,92,298
Miscellaneous Income	25,47,996	2,00,19,099
TOTAL	3,02,82,535	3,41,16,483

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
(Contd..)

	31ST MARCH, 2010 Rupees	31ST MARCH, 2009 Rupees
P. MATERIAL COST & INVENTORY ADJUSTMENTS :		
Raw Materials Consumed	380,22,15,956	397,79,43,050
Packing Materials Consumed	27,95,62,849	22,77,69,610
Purchases- Traded goods	4,62,34,558	2,07,78,903
Processing Charges	56,98,113	1,31,67,752
	<u>413,37,11,476</u>	<u>423,96,59,315</u>
(Increase)/Decrease in Stock of Finished Goods & Work-in-process :		
Add: Opening Stock		
Finished Goods	19,29,15,443	18,58,62,937
Work-in-Process	25,57,86,653	16,39,56,112
Less: Closing Stock		
Finished Goods	24,10,74,480	19,29,15,443
Work-in-Process	22,00,04,804	25,57,86,653
Net (Increase)/Decrease	<u>(1,23,77,188)</u>	<u>(9,88,83,047)</u>
TOTAL	<u>412,13,34,288</u>	<u>414,07,76,268</u>
Q. PERSONNEL COSTS :		
Salaries, Wages & Allowances	24,94,72,111	19,09,94,985
Contribution to Provident Fund and Other Funds	2,00,73,630	2,08,90,242
Workmen & Staff Welfare Expenses	2,10,87,042	1,80,73,040
TOTAL	<u>29,06,32,783</u>	<u>22,99,58,267</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
(Contd..)

	<u>31ST MARCH, 2010 Rupees</u>	<u>31ST MARCH, 2009 Rupees</u>
R. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES :		
Consumable Chemicals	77,92,947	69,43,720
Power & Fuel	19,18,37,959	16,62,51,714
Repairs & Maintenance:		
- Plant & Machinery	5,89,91,550	4,45,15,671
- Building	77,10,564	2,57,06,494
- Others	98,41,268	90,58,158
Rent	29,41,522	22,02,320
Insurance	1,61,00,665	1,05,88,719
Rates & Taxes :		
- Excise Duty	12,29,464	8,82,787
- Others	84,69,869	1,46,45,919
Travelling & Conveyance	4,31,86,022	3,70,30,527
Printing & Stationery	61,08,135	51,65,522
Freight & Forwarding	6,56,42,396	6,71,64,311
Subscription, Books & Periodicals	43,53,181	31,62,766
Postage & Telephones	1,45,69,819	1,03,37,217
Legal & Professional Fees	5,02,40,859	3,17,63,677
Advertising Expenses	2,95,109	87,340
Exhibitions & Seminar Expenses	34,15,625	48,15,454
Discount & Commission	3,82,30,793	3,55,53,869
Donations	11,53,668	6,10,656
Directors Sitting Fees	5,50,000	3,40,000
Bank Charges	1,57,48,144	1,66,91,413
Security Charges	91,19,367	81,06,463
Water Charges	89,69,953	76,70,018
Bad Debts written off	-	7,19,677
Loss on Sale/Discard of assets	4,11,058	69,46,654
Foreign Exchange Differences (Net) - Trade related	14,43,183	3,45,23,575
Advances written off (Refer Note 19 of Schedule 'T')	4,07,55,000	-
Miscellaneous Expenses	5,09,65,711	3,20,80,739
TOTAL	<u>66,00,73,831</u>	<u>58,35,65,380</u>
S. INTEREST & FINANCE CHARGES :		
Interest on Term Loans	4,45,52,334	2,67,30,530
Interest on Working Capital	7,81,16,433	7,48,79,905
Interest - Others	32,80,834	1,02,00,099
Other Financial Charges, etc.	97,53,111	1,05,62,186
Net Foreign Exchange Fluctuation (Gain)/Loss on Foreign Currency Loan	(1,09,72,904)	5,02,22,244
TOTAL	<u>12,47,29,808</u>	<u>17,25,94,964</u>



N OTES TO THE ACCOUNTS

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd.)

T. NOTES TO THE ACCOUNTS

1) **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.

2. Secured Loans:

- a) The term loans amounting to **Rs 94,76,10,000/-** (Previous Year Rs.47,85,54,096/-) are secured by a first pari

passu charge on specified assets and a second pari passu charge on inventories and book debts of the Company.

- b) The cash credit and working capital demand loans from banks amounting to **Rs. 37,37,17,034/-** (Previous Year Rs.62,59,58,340/-) are secured by a first pari passu charge on inventories and book debts and a second charge on the specified assets of the Company.

3. Contingent Liabilities & Claims not provided for :	2009-2010	2008-2009
	Rupees	Rupees
(a) Counter Guarantees given to Banks	1,62,50,000	1,50,00,000
(b) Corporate Guarantee given to bank on behalf of subsidiary.	2,24,45,000	-
(c) Claims against the Company not acknowledged as debts, but disputed in appeals		
- Excise Duty	1,17,516	1,17,516
- Income Tax	-	4,05,16,928
4. Estimated amount of contracts remaining to be executed on Capital Account: (Net of Advances)	19,59,07,363	5,10,12,180

5. Research & Development:

Expenses	2009-2010	2008-2009
	Rupees	Rupees
a) Salaries & Allowances	1,46,06,455	1,21,81,005
b) R&D Materials & Other Expenses	1,66,84,552	2,26,53,324
c) Professional Fees	53,58,865	50,61,375
d) Capital Expenditure	27,90,519	3,44,83,879
TOTAL	3,94,40,391	7,43,79,583

6. Auditor's Remuneration:

Expenses	2009-2010	2008-2009
	Rupees	Rupees
a) Audit Fees	15,00,000	10,00,000
b) Tax Audit / VAT Audit fees	5,00,000	4,00,000
c) Other Services	7,00,500	5,15,000
d) Out of Pocket Expenses	1,13,422	78,222
TOTAL	28,13,922	19,93,222

7. Managerial Remuneration:

Expenses	2009-2010	2008-2009
	Rupees	Rupees
Remuneration paid to Managing Director and Wholetime Directors:		
a) Salary & Allowances	1,85,64,000	1,87,20,000
b) Commission	1,41,00,000	1,36,00,000
c) Perquisites	3,61,949	7,59,519
d) Contribution to Provident Fund & Other Funds	17,13,600	14,97,600
Sub - Total	3,47,39,549	3,45,77,119
Remuneration to the Non-Executive Directors:		
Commission	15,00,000	15,00,000
Sub - Total	15,00,000	15,00,000
TOTAL	3,62,39,549	3,60,77,119

Computation of Net Profit under Section 198 of the Companies Act, 1956.

Particulars	2009-2010		2008-2009	
	Rupees.	Rupees.	Rupees.	Rupees.
Profit before Taxation as per Profit & Loss Account		56,02,39,962		32,05,47,981
Add: Depreciation as per accounts	17,24,06,466		14,68,57,095	
Managerial Remuneration	3,62,39,549		3,60,77,119	
Loss on Sale of Assets as per accounts	4,11,058	20,90,57,073	69,46,654	18,98,80,868
Total		76,92,97,035		51,04,28,849
Less: Depreciation calculated under Section 350 of the Companies Act, 1956	17,24,06,466		14,68,57,095	
Loss on Sale of Assets as per Section 349 of Companies Act, 1956.	4,11,058	17,28,17,524	69,46,654	15,38,03,749
Net Profit in terms of Section 198 of Companies Act, 1956.		59,64,79,511		35,66,25,100
Maximum Remuneration payable to managing director & wholtime directors – 10% of Net Profit as computed above as per Companies Act, 1956.		5,96,47,951		3,56,62,510
Maximum Commission payable to non-executive directors – 1% of Net Profit as computed above as per Companies Act, 1956.		59,64,795		35,66,251
Managerial Remuneration [including commission] paid/payable to wholtime directors subject to a ceiling of 10% of Net Profits as calculated above but restricted to [as determined by the Board of Directors]		3,47,39,549		3,45,77,119
Commission to non- executive directors subject to a ceiling of 1% of Net Profits as calculated above but restricted to [as determined by the Board of Directors]		15,00,000		15,00,000

8. A. Capacity & Production:

Particulars	Unit	2009-2010		2008-2009	
		Installed Capacity	Actual Production per annum	Installed Capacity	Actual Production per annum
1 Organic Surface Active Agents / Preparations.	MT	1,22,000	#83,713	94,500	#68,041
2. Fatty Alkanolamides / Fatty Acid Esters.	MT	8,500	##3,382	6,600	##2,300
3. Other Specialty Chemicals.	MT	6,940	4,305	6090	3,296

Notes: The installed capacities are based on existing product-mix and are as per the certificate given by a Director on which the Auditors have relied, being a technical matter.

Includes (i) 3403 MT (Previous Year 3109 MT) used for captive consumption
(ii) 196 MT (Previous Year 216 MT) processed from third parties.

Includes 47 MT used for captive consumption. (Previous Year: 38 MT)

B. Net Sales Turnover:

Particulars	2009-2010		2008-2009	
	Qty. MT	Rupees	Qty. MT	Rupees
1. Organic Surface Active Agents / Preparations.	79,757	500,54,74,826	65,159	482,99,87,606
2. Fatty Alkanolamides / Fatty Acid Esters.	3,218	26,85,96,715	2,276	24,45,58,566
3. Other Specialty Chemicals.	#4,290	62,00,80,872	#3,259	48,56,37,300
4. Others		49,82,190		
Total		589,91,34,603		556,01,83,472

Includes 25 MT (Previous year : 25 MT) in respect of traded goods.

C. Finished Goods:

Particulars	2009-2010				2008-2009			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty. M.T.	Rupees	Qty. M.T.	Rupees	Qty. M.T.	Rupees	Qty. M.T.	Rupees
1. Organic Surface Active Agents / Preparations.	2708	15,26,07,113	3261	17,28,11,033	2935	15,37,11,541	2708	15,26,07,113
2. Fatty Alkanolamides/ Fatty Acid Esters.	132	1,04,68,962	249	1,54,99,585	146	1,16,48,951	132	1,04,68,962
3. Other Specialty Chemicals.	#276	2,98,39,368	#331	3,42,85,984	#207	2,05,02,445	#276	2,98,39,368
4. Others				1,84,77,878				
Total		19,29,15,443		24,10,74,480		18,58,62,937		19,29,15,443

Includes 22 MT (Previous year: 7MT) in respect of traded goods.

D. Raw Materials Consumed:

Particulars	2009-2010		2008-2009	
	Qty. M.T.	Rupees	Qty. M.T.	Rupees
1. Fatty Alcohols, Fatty Acids, Oils & Ethylene Oxide	47,611	288,40,88,735	37,384	297,52,79,374
2. Acids, Alkalies & Amines	22,355	53,29,04,835	19,275	61,39,80,935
3. Others		38,52,22,386		38,86,82,741
Total		380,22,15,956		397,79,43,050

E. Purchase of Goods:

Particulars	2009-2010		2008-2009	
	Qty. MT	Rupees	Qty. MT	Rupees
Speciality Chemicals	40	2,27,79,409	32	2,07,78,903
Others		2,34,55,149		
Total		4,62,34,558		2,07,78,903

F. Value of Raw Materials, Stores & Spares Consumed:

(i) Value of Raw Materials Consumed:

Particulars	2009-2010		2008-2009	
	Rupees	% of Total Consumption	Rupees	% of Total Consumption
Imported	156,19,85,655	41.08	163,63,76,426	41.14
Indigenous	224,02,30,301	58.92	234,15,66,624	58.86
Total	380,22,15,956	100.00	397,79,43,050	100.00

(ii) Value of Stores & Spares Consumed:

Particulars	2009-2010		2008-2009	
	Rupees	% of Total Consumption	Rupees	% of Total Consumption
Imported	11,19,720	2.47	13,33,364	3.74
Indigenous	4,42,43,566	97.53	3,43,45,247	96.26
Total	4,53,63,286	100.00	3,56,78,611	100.00

G. Value of Imports calculated on C.I.F. basis in respect of:

Particulars	2009-2010 Rupees	2008-2009 Rupees
1. Raw Materials & Packing Materials	118,81,25,524	182,47,11,226
2. Capital Goods	6,72,51,316	3,58,14,406
3. Spares & Others	1,75,31,776	43,79,680

H. Expenditure in Foreign Currencies:

Particulars	2009-2010 Rupees	2008-2009 Rupees
Foreign Travel	59,26,420	64,63,022
Commission Exports	3,20,34,813	3,30,08,398
Professional Fees	94,89,830	37,57,129
Exhibition, Subscription & Membership, Training, Seminar.	37,06,385	71,00,265
Interest & Processing Charges on Borrowings	1,04,71,497	1,29,70,408
Advances no longer recoverable (Refer Note No. 19)	4,07,55,000	Nil
Others	1,16,11,802	2,00,60,250

I. Earnings in Foreign Currencies:

Particulars	2009-2010 Rupees	2008-2009 Rupees
Export of goods on F.O.B. basis	303,64,56,307	290,41,31,627

9. Excise Duty:

The Company has made a provision for excise duty of Rs. 76,65,118/- (Previous Year Rs. 71,96,274/-) on stocks lying in bond at the year end and the same is also included in the valuation of inventories. This method of accounting has no effect on the profit for the year.

10. Micro and Small Scale Business Entities:

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This Information, as required to be disclosed under the Micro, Small and

Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

11. There are no amounts due and outstanding in respect of unpaid dividend, unpaid matured deposits & interest accrued thereon to be credited to Investors Education & Protection Fund.

12. 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 on 31st March, 2010.

Currency	Buy or Sell	Cross Currency	31/03/2010 US \$	31/03/2009 US \$
US \$	Sell	Indian Rupees	16,00,000	NIL

The Year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	31 st March 2010	31 st March 2009
Assets		
In Euro	4,05,801	5,03,418
(Equivalent approximate in Rs.)	2,46,15,918	3,39,95,818
In USD	1,25,51,546	1,04,45,286
(Equivalent approximate in Rs.)	56,34,38,899	52,97,84,921
Liability		
In Euro	2,22,952	-
(Equivalent approximate in Rs.)	1,35,24,268	-
In USD	1,68,28,957	1,77,25,234
(Equivalent approximate in Rs.)	75,54,51,887	89,90,23,894

13. Earning Per Share:

Particulars	31 st March 2010 Rupees	31 st March 2009 Rupees
Profit after tax	40,35,70,539	26,71,60,242
Weighted average number of Equity Shares outstanding as at the year end [Nos.]	17129020	17127376
Nominal Value of Equity Shares	Rs.10/-	Rs.10/-
Basic and Diluted Earning Per Share	23.56	15.60

14. Disclosure as per Accounting Standard 15 (Revised) – Employee Benefits:

- i. The Company has recognised **Rs.1,20,94,582/-** (Previous year Rs 93,90,136/-), being Company's contribution to Government Provident Fund, as an expense and included in Personnel Costs [Schedule-Q] in the Profit and Loss Account.

ii. Defined Benefit Plans

General Description of Defined Benefit Plans

Gratuity Plan

Gratuity is payable to all eligible employees of the Company on superannuation, death and resignation, in terms of the provisions of the Payment of Gratuity Act, 1972 and employment contracts entered into by the Company.

Leave Plan

Eligible employees can carry forward and encash leave on superannuation, death and resignation as per Company's rules.

Particulars	Gratuity		Leave Salary	
	31/03/2010 Rupees	31/03/2009 Rupees	31/03/2010 Rupees	31/03/2009 Rupees
Actuarial Assumptions for the year				
Discount Rate	8.25%	8.00%	8.25%	8.00%
Expected Rate of Return on Plan Assets	9.00%	9.00%	0.00%	0.00%
Proportion of Employees opting for early retirement	0.00%	0.00%	0.00%	0.00%
Average Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
Changes in the Present Value of Obligation				
Present Value of the Obligation as at beginning of the year	3,57,47,616	2,48,33,127	1,78,28,110	1,33,28,493
Interest Cost	29,49,178	19,86,650	14,70,820	10,66,279
Past Service Cost	-	-	-	-
Current Service Cost	35,49,382	19,23,430	14,10,041	15,55,722
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(3,07,779)	(10,02,000)	(1,45,342)	(8,73,532)
Actuarial (gain) / loss on obligations	25,39,004	80,06,409	26,08,646	27,51,148
Present Value of the Obligation as at end of the year	4,44,77,401	3,57,47,616	2,31,72,275	1,78,28,110
Changes in Fair Value of Plan Assets:				
Present Value of Plan Assets as at beginning of the year	2,12,19,975	1,66,83,424	-	-
Expected Return on Plan Assets	20,51,969	16,32,328	-	-
Actuarial Gain / (Loss) on Plan Assets	78,902	(2,877)	-	-
Contributions made by the Company	34,67,147	39,09,100	-	-
Benefits Paid	(3,07,779)	(10,02,000)	-	-
Fair Value of Plan Assets as at end of the year	2,65,10,214	2,12,19,975	-	-
Actual Return on Plan Assets				
Expected Return on Plan Assets	20,51,969	16,32,328	-	-
Actuarial gain / (loss) on Plan Assets	78,902	(2,877)	-	-
Actual Return on Plan Assets	21,30,871	16,29,451	-	-
Reconciliation of the Present Value of Defined Benefit Obligation & the Fair Value of Assets				
Present Value of the Funded obligation as at end of the year	4,44,77,401	3,57,47,616	-	-
Fair Value of Plan Assets as at end of the year	2,65,10,214	2,12,19,975	-	-
Present Value of the Unfunded obligation as at end of the year	-	-	2,31,72,275	1,78,28,110
Net Liability recognized in the Balance Sheet	1,79,67,187	1,45,27,641	2,31,72,275	1,78,28,110
Expenses Recognized in the Profit & Loss Account				
Current Service Cost	35,49,382	19,23,430	14,10,041	15,55,722
Past Service Cost	-	-	-	-
Interest Cost	29,49,178	19,86,650	14,70,820	10,66,279
Expected Return on Plan Assets	(20,51,969)	(16,32,328)	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / loss to be recognized	24,60,102	80,09,286	26,08,646	27,51,148
Total Expenses recognized in the Profit and Loss Account	69,06,693	1,02,87,038	54,89,507	53,73,149
Percentage of each category of Plan Assets to the Total Fair Value of Plan Assets as at end of the year				
Bank Deposits (Special Deposit Scheme 1975)	-	-	-	-
Debt Instruments	-	-	-	-
Administered by Life Insurance Corporation of India	100%	100%	-	-
Others	-	-	-	-
The actual return on Plan Assets:				
Actual Returns on Plan Assets administered by LIC of India	21,30,871	16,29,451	-	-

15. Segment Reporting (Accounting Standard 17):

a. Primary Segment : Business Segment

The Company is engaged in the manufacture of speciality chemicals which is considered as the only business segment.

b. Secondary Segment : Geographical Segment

Segment Revenues	31 st March 2010 Rupees	31 st March 2009 Rupees
A. Revenues within India	281,37,14,767	265,59,83,625
B. Revenues outside India	308,54,19,836	290,41,99,847
Total	589,91,34,603	556,01,83,472

16. Related Parties Disclosures:

a) **Names of the Related Parties and nature of relationship:**

Direct Subsidiaries:

Galaxy Chemicals Inc.
Galaxy Holdings (Mauritius) Ltd.

Step down Subsidiaries

Galaxy Chemicals (Egypt) S.A.E (w.e.f. 14th July, 2009)
Rainbow Holdings GmbH (w.e.f. 19th June, 2009)
Tri-K Industries Inc. (w.e.f. 1st July, 2009)
Maybrook Inc. (w.e.f. 1st July, 2009)
OTC GmbH (from 24th June, 2009 to 25th March, 2010)

Key management personnel [Whole-time Directors] and their relatives:

Key Management Personnel [Whole-time Directors]	Relative of Key Management Personnel
Mr. U. Shekhar	Mrs. Lakshmy Shekhar, Wife Mr. Karthik Shekhar, Son Ms. Nandini Shekhar, Daughter
Mr. S. R. Shanbhag	Mrs. Vandana Shanbhag, Wife Ms. Sneha Shanbhag, Daughter Mr. Pranav Shanbhag, Son
Mr. G. Ramakrishnan	Mrs. Jayashree Ramakrishnan, Wife Mr. Amit Ramakrishnan, Son Mr. Akaash Ramakrishnan, Son
Mr. U. K. Kamat	Mrs. Dhanvanti Kamat, Wife Mr. Paresh Kamat, Son Ms. Mallika Kamat, Daughter

Entities over which key management personnel [whole-time directors] are able to exercise significant influence:

Galaxy Emulsifiers Private Limited
Galaxy Finsec Private Limited
Osmania Traders Private Limited
Galaxy Chemicals [Partnership Firm]
Galaxy Estates & Holdings [Partnership Firm]
Galaxy Investments [Partnership Firm]
Shubh Estates & Properties [Partnership Firm]
Galaxy Surfactants Limited – Employees' Welfare Trust

b) The following transactions were carried out with related parties in the ordinary course of business

Particulars	Subsidiary Company		Entities where Key Management Personnel can exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
1 Share Capital								
Share Application Money Received / Shares allotted								
Galaxy Surfactants Limited – Employees' Welfare Trust			26383500					
U. K. Kamat					3410000			
2 Unsecured Loans								
a Loans/ Fixed Deposit Received								
U Shekhar					16500000	7470000		
S. R. Shanbhag					3000000	3000000		
Sneha Shanbhag							3000000	
Others							5060000	420000
b Loans/ Fixed Deposit Repaid								
U. Shekhar					3110576	251207		
S. R. Shanbhag					2813461			
Nandini Shekhar							1100000	
Jayashree Ramakrishnan								1000000
Others					11230	841315	700000	
c Loans/ Fixed Deposits as at year end								
U. Shekhar					28580000	15190576		
S. R. Shanbhag					6100000	5913461		
Others					750000	761230	10330000	4070000
3 Investments								
a Investments made during the year								
Galaxy Holdings (Mauritius) Ltd	423600579	97001						
b Investments as at year end								
Galaxy Chemicals Inc	4617814	4617814						
Galaxy Holdings (Mauritius) Ltd	423697580	97001						
4 Debtors								
Balance as at year end								
Tri-K Industries Inc.	9577619							
5 Loans & Advances								
a Incorporation Expenses incurred								
Galaxy Chemicals (Egypt) S.A.E.	6234234	4328060						
Galaxy Holdings (Mauritius) Ltd		346168						
b Incorporation Expenses repaid								
Galaxy Chemicals (Egypt) S.A.E.	8422994							
Galaxy Holdings (Mauritius) Ltd	346168							

Particulars	Subsidiary Company		Entities where Key Management Personnel can exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
c Other Loan given								
Galaxy Surfactants Limited – Employees’ Welfare Trust	25823425							
d Balance as at year end								
Galaxy Chemicals (Egypt) S.A.E.	2139300	4328060						
Galaxy Holdings (Mauritius) Ltd		346168						
Galaxy Surfactants Limited – Employees’ Welfare Trust	25823425							
e Inter-Corporate Loan given								
Galaxy Chemicals Inc.		43112000						
Galaxy Holdings (Mauritius) Ltd	205338000							
f Inter-Corporate Loan Repaid								
Galaxy Chemicals Inc.	43112000							
Galaxy Holdings (Mauritius) Ltd	205338000							
g Inter-Corporate Loan as at year end								
Galaxy Chemicals Inc.		43112000						
6 Creditors								
Balance as at year end								
Galaxy Chemicals Inc.	2906993	21021075						
Tri-K Industries Inc.	177575							
7 Bank Guarantee given								
Rainbow Holdings GmbH	22445000							
8 Income								
Sale of Goods								
Tri-K Industries Inc.	9590853							
9 Expenditure								
a Managerial Remuneration								
U. Shekhar					8854015	8549915		
G. Ramakrishnan					8651151	8467150		
S. R. Shanbhag					8627233	8816539		
U. K. Kamat					8607150	8743515		
b Commission on Sales								
Galaxy Chemicals Inc	28802750	27816000						
c Professional Fees Paid								
OTC GmbH	1409190							

Particulars	Subsidiary Company		Entities where Key Management Personnel can exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
d Technical Know how Fees								
OTC GmbH	20016000							
e Advance for Machinery								
OTC GmbH	20739000							
f Interest paid on Fixed Deposits / Loans								
U. Shekhar					2537117	1273847		
S. R. Shanbhag					568896	565763		
Others					11000	58261	613013	418032
10 Dividend paid								
Galaxy Chemicals			22599080	11194250				
Galaxy Emulsifiers Pvt Ltd			10283600	678750				
U. Shekhar					10283600	5141800		
S. R. Shanbhag					10170210	5085105		
Others			206580	206580	5950270	2975135	5048430	2534215

17. Operating Leases:

a) Assets taken on operating lease:

The Company has operating lease agreements, primarily for leasing office space and residential premises for its employees. Most of the lease agreements provide for cancellation by either party with a notice period of 30 days. Lease payments recognised in the Profit & Loss Account for the year are Rs. 29,41,522/- (Previous Year Rs.22,02,320/-).

b) Assets given on operating lease:

The Company has operating lease agreements in respect of residential premises. These agreements provide for a cancellation by either party with a notice period of 30 days. Lease Rental Incomes recognised in the Profit & Loss Account for the year are Rs. 1,91,250/- (Previous Year Rs.1,81,250/-).

18. During the year ended 31st March, 2009, the 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. During the year, the Company accumulated Rs. 18,20,000/- in respect of foreign exchange fluctuations (gain) in 'Foreign Currency Monetary Items Translation Difference Account' and amortised Rs. 48,750/- out of the said account and the balance is carried forward to the next year.

19. During the year, 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 speciality product and purchase of customised machinery to manufacture the same. Under these agreements, advances aggregating to Euro 6,00,000 (Equivalent to Rs. 407.55 lakhs) 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.

20. Previous year's figures are regrouped and rearranged wherever necessary, to conform to this year's classification.

21. Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No.

3	9	8	7	7
---	---	---	---	---

 State Code

1	1
---	---

Balance Sheet

3	1
---	---

0	3
---	---

1	0
---	---

Date Month Year

II. Capital raised during the Year (Amount in Rupees)

Public Issue					Equity Issue				
		N	I	L	6	0	0	0	0
Bonus Issue					Private Placement				
		8	5	6					
		3	6	8	N	I	L		
				0					

III. Position of mobilisation and deployment of funds (Amount in Rupees)

Total Liabilities										Total Assets									
3	3	2	6	8	5	2	7	1	8	3	3	2	6	8	5	2	7	1	8

Sources of Funds

Paid-up Capital										Reserves & Surplus									
1	7	7	2	7	3	7	6	0		1	3	5	0	2	9	8	4	8	1
Secured Loans										Unsecured Loans									
1	3	2	1	3	2	7	0	3	4	2	9	5	8	3	4	7	9	0	
Deferred Tax Liabilities (Net)																			
1	8	2	1	1	8	6	5	3											

Application of Funds

Net Fixed Assets										Investments									
1	9	9	3	4	6	1	6	8	4	4	2	8	6	3	2	7	9	4	
Net Current Assets										Misc. Expenditure									
9	0	4	7	0	9	4	9	0		N	I	L							
Accumulated Losses										Foreign Currency Money Translation Difference Account									
N	I	L								4	8	7	5	0					

IV. Performance of Company (Amount in Rupees)

Turnover										Total Expenditure									
5	8	9	9	1	3	4	6	0	3	5	3	3	8	8	9	4	6	4	1
(+/-) Profit / (-) Loss Before Tax										(+/-) Profit / (-) Loss After Tax									
5	6	0	2	3	9	9	6	2		4	0	3	5	7	0	5	3	9	
Earning per share in Rupees										Dividend Rate %									
2	3	.	5	6						4	0	%							

V. Generic names of principal products of the company

(ITC Code)	3	4	0	2	1	1	0	0																		
	F	A	T	T	Y	A	L	C	O	H	O	L	S	U	L	P	H	A	T	E	S	A	N	D		
	F	A	T	T	Y	A	L	C	O	H	O	L	E	T	H	E	R	S	U	L	P	H	A	T	E	S
(ITC Code)	3	4	0	2	1	9	0	0																		
	A	M	P	H	O	T	E	R	I	C	S	U	R	F	A	C	T	A	N	T	S					
(ITC Code)	3	4	0	2	1	3	0	0																		
	A	L	K	A	N	O	L	A	M	I	D	E	S	/	F	A	T	T	Y	A	C	I	D			
	E	S	T	E	R	S																				
(ITC Code)	3	4	0	2	1	1	0	0																		
	S	U	L	F	O	S	U	C	C	I	N	A	T	E	S											
(ITC Code)	3	4	0	2	9	0	0	9																		
	O	R	G	A	N	I	C	S	U	R	F	A	C	E	A	C	T	I	V	E						
	P	R	E	P	A	R	A	T	I	O	N	S														
(ITC Code)	3	4	0	2	1	2	0	0																		
	Q	U	A	R	T	E	R	N	A	R	Y	A	M	M	O	N	I	U	M							
	C	O	M	P	O	U	N	D	S																	
(ITC Code)	3	4	0	2	1	3	0	0																		
	E	T	H	Y	L	E	N	E	O	X	I	D	E	C	O	N	D	E	N	S	A	T	E	S		
	A	N	D	T	E	X	T	I	L	E	A	U	X	I	L	I	A	R	I	E	S					

Note : Classification of products/services under ITC code being of a technical nature is not verified by the Auditors.

As per our Report attached.

For S.V. PINGE & CO.
Chartered Accountants

S. V. PINGE
Proprietor

U. SHEKHAR
Managing Director

U. K. KAMAT
Executive Director - Finance

For and on behalf of the Board

S. R. SHANBHAG
Whole-Time Director

G. RAMAKRISHNAN
Director
Home & Personal Care (Global)

G. KAMATH
Head - Resource Mobilisation & Utilisation Process
& Company Secretary

Navi Mumbai
Date : June 12, 2010



CASH FLOW

FOR THE YEAR ENDED 31ST MARCH, 2010

24th Annual Report

2009-2010

Particulars	2009-10		2008-09	
	Amount Rupees	Amount Rupees	Amount Rupees	Amount Rupees
A Cash Flow from Operating Activities				
Profit before Tax, Extraordinary items		56,02,39,962		32,05,47,981
Adjustments for:				
Add :				
Depreciation	17,24,06,466		14,68,57,095	
Interest paid	12,47,29,808		17,25,94,964	
Loss on Sale of Assets	4,11,058	29,75,47,332	69,46,654	32,63,98,713
Less :				
Dividend Income	(87,500)		(53,800)	
Interest	(65,50,986)		(8,87,732)	
Prior Year Tax Adjustments	2,83,628	(63,54,858)	-	(9,41,532)
Operating Profit before Working Capital Changes		85,14,32,436		64,60,05,162
Working Capital Changes				
Inventories	21,47,690		(6,40,18,546)	
Trade & Other Receivables	9,30,33,619		(14,94,50,398)	
Other Advances	(5,08,11,326)		(12,15,65,912)	
Increase/(Decrease) in Current Liabilities	11,64,73,710		17,65,02,798	
Other Liabilities	87,83,711	16,96,27,404	1,08,77,555	(14,76,54,503)
Cash generated from Operations		102,10,59,840		49,83,50,659
Income Taxes Paid		(10,91,92,248)		(7,06,87,807)
Net Cash Flow from Operating Activities (a)		91,18,67,592		42,76,62,852
B Cash Flow from Investing Activities				
Capital Expenditure		(60,85,35,003)		(45,81,80,209)
Sale of Fixed Assets		6,94,409		5,09,584
Investment in Subsidiary		(42,36,00,579)		(97,001)
Investment Others		(25,000)		-
Dividend Income		87,500		53,800
Interest		65,50,986		8,87,732
Net Cash used in Investing Activities (b)		(102,48,27,687)		(45,68,26,094)
C Cash Flow from Financing Activities				
Issue of Equity Shares		6,60,00,000		-
Net Secured Borrowings		21,68,14,598		26,12,62,447
Sales Tax Deferrals / MIDC Incentives		(67,36,574)		(20,86,929)
Fixed Deposits		10,51,75,000		1,61,10,000
Receipt/(Repayment) of Loans from Directors		(59,35,267)		(15,93,379)
Loan from Others		1,27,14,370		33,30,516
Foreign Currency Translation Difference		18,68,750		9,58,750
Interest & Finance Charges		(12,47,29,808)		(17,25,94,964)
Equity Dividend & Dividend Tax thereof		(10,01,90,868)		(5,00,95,434)
Net Cash used in Financing Activities (c)		16,49,80,201		5,52,91,007
Net Increase/(Decrease) in Cash and Cash Equivalents (a) + (b) + (c)		5,20,20,106		2,61,27,765
Cash and Cash Equivalents - Opening Balance		5,91,85,690		3,30,57,925
Unrealised Foreign Exchange Gain/ (Loss)	52,383		(19,759)	
Cash and Cash Equivalents - Closing Balance	11,11,53,413	11,12,05,796	5,92,05,449	5,91,85,690
Net Increase/(Decrease) in Cash and Cash Equivalents		5,20,20,106		2,61,27,765

As per our Report attached.

For S.V. PINGE & CO.

Chartered Accountants

For and on behalf of the Board

S. V. PINGE

Proprietor

U. SHEKHAR

Managing Director

S. R. SHANBHAG

Whole-Time Director

G. RAMAKRISHNAN

Director

Home & Personal Care (Global)

U. K. KAMAT

Executive Director - Finance

G. KAMATH

Head - Resource Mobilisation & Utilisation Process
& Company Secretary

Navi Mumbai

Date : June 12, 2010



Statement and report pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Name of Subsidiary Company	Galaxy Chemicals Inc.	Galaxy Holdings (Mauritius) Ltd.	Galaxy Chemicals (Egypt) S.A.E.*	Rainbow Holdings GmbH	Tri-K Industries, Inc.	Maybrook Inc.
Statement under section 212(3)						
Date of becoming subsidiary Financial year / period	24/4/2003 1/4/2009 to 31/03/2010	2/10/2008 1/4/2009 to 31/03/2010	14/7/2009 First financial year not yet ended	19/6/2009 19/6/2009 to 31/12/2009	1/7/2009 1/7/2009 to 31/12/2009	1/7/2009 1/7/2009 to 31/12/2009
Number of shares held	12,000 shares of one cent per share i.e. US \$ 120	500,000 Equity Shares of US \$ 1 per share i.e. US \$ 500,000	8,000,000 shares of \$1 each partly paid up**	25,000 shares of EUR 1 per share i.e. EUR 25,000**	228 shares of no par value**	100 Shares of no par value**
Extent of holding company's interest in the subsidiary as at the end of the financial year / period of the subsidiary	100%	100%	100%	100%	76%	76%
The net aggregate of profits / (loss) of the subsidiary company so far as it concerns the members of Galaxy Surfactants Limited:						
(i) Dealt with in the accounts of Galaxy Surfactants Limited						
(a) For the financial year/period of the subsidiary	Nil	Nil	Nil	Nil	Nil	Nil
(b) For the Previous Financial Year since it became a Subsidiary	Nil	Nil	N/A	N/A	N/A	N/A
(ii) Not dealt with in the accounts of Galaxy Surfactants Limited						
(a) For the financial year/period of the subsidiary	Rs. 6,17,641	Rs. 49,78,560	Nil	Rs. (55,74,559)	Rs. (67,61,153)	Rs. 13,66,950
(b) For the Previous Financial Year since it became a Subsidiary	Rs. 20,95,921	Rs. (5,23,879)	N/A	N/A	N/A	N/A
Statement under section 212(5)						
Change in the interest of Galaxy Surfactants Limited between the end of the subsidiary's financial year and March 31, 2010.	Nil	Nil	Nil	Nil	Further acquisition of 24%	Further acquisition of 24%
Extent of holding as at 31st March 2010	100%	100%	100%	100%	100%	100%
Material changes between the end of the subsidiary's financial year and March 31, 2009						
(i) Fixed Assets (net additions)	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Investments	Nil	Nil	Nil	Investments of EUR 396,600 (Rs. 2,67,74,466) were disposed off for EUR 1 (Rs. 67)	Nil	Nil
(iii) Moneys lent by the subsidiary	Nil	Nil	Nil	Nil	Rs. (36,12,484)	Nil
(iv) Moneys borrowed by the subsidiary Company other than for meeting current liabilities	Nil	Nil	Nil	Nil	Nil	Rs. (36,12,484)

*Project under implementation, hence no profit and loss account prepared. Status of shares given as on 31st March 2010.

**Shares held through subsidiary companies

Report under section 212(6)

Tri-K Industries Inc and its wholly owned subsidiary Maybrook Inc, USA

Tri-K Industries Inc and its wholly owned subsidiary Maybrook Inc, USA became the subsidiary companies from 1st July 2009. Under the US laws it was not mandatory for Tri-K Industries Inc and its wholly owned subsidiary Maybrook Inc. to have separate financial statements. Hence for the period prior to the date of acquisition separate financial statements could not be obtained for Tri-K Industries Inc. and its wholly owned subsidiary Maybrook Inc. Financial statements attached are from the date of acquisition till the close of the accounting period/year ending 31st December 2009.

For and on behalf of the Board

U. Shekhar
Managing Director

S. R. Shanbhag
Whole-Time Director

C. Ramakrishnan
Director
Home & Personal Care (Global)

U.K.Kamat
Executive Director - Finance

G. Kamath
Head - Resource Mobilisation & Utilisation Process
& Company Secretary

Navi Mumbai
Date : June 12, 2010





DIRECTORS' REPORT

of GALAXY CHEMICALS INC.

To The Shareholders

Your Directors have great pleasure in presenting to you the Sixth Annual Report of your Company together with the Audited Statement of Accounts for the financial year ended 31st March 2010.

Review of operations

Your Company continues to support the global business of Galaxy Surfactants Limited by building on relationships with headquarters of the multinationals based in North America.

Your Company continues to embark on numerous developmental projects for its parent company with key global accounts which would fructify in the near future.

Auditors

As per the laws of the United States of America, the Company is not required to get its accounts audited. Since your Company is a Subsidiary Company of Galaxy Surfactants Limited and keeping in mind the provisions of Section 212 of the Indian Companies Act, 1956 the Statement of Accounts has been audited by M/s. S. V. Pinge & Co., Chartered Accountants, Mumbai, who are also the Statutory Auditors of Galaxy Surfactants Limited, which is the holding company.

For and on behalf of the Board

Pittsburgh,
May 15, 2010

S. R. SHANBHAG
Director

G. RAMAKRISHNAN
Director



AUDITORS' REPORT

of GALAXY CHEMICALS INC.



To the members of **GALAXY CHEMICALS INC.**

We have audited the attached Balance Sheet of **GALAXY CHEMICALS INC.** as at 31st March, 2010 and also the Profit and Loss Account of the Body Corporate for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Body Corporate. Our responsibility is to express an opinion on these financial statements based on our audit.

The Body Corporate was incorporated on April 24th, 2003 in the State of New Jersey, United States of America and is a wholly owned subsidiary of Galaxy Surfactants Limited, Navi Mumbai, India. We are informed that as per the laws of United States of America, the body corporate is not required to get its accounts audited. However, in order to comply with the provisions of Section 212 of the Indian Companies Act, 1956, we have audited the accounts of the Body Corporate for the accounting year ended 31st March, 2010.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and report that:

1. As required by the Indian Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Indian Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Body Corporate so far as appears from our examination of the books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Indian Companies Act, 1956;
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the other notes appearing thereon, give the information required by the Indian Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For S. V. PINGE & CO.
Chartered Accountants,

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
May 16, 2010

GALAXY CHEMICALS INC. ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS OF GALAXY CHEMICALS INC. FOR THE YEAR ENDED 31ST MARCH, 2010.

[Referred to in paragraph 1 of the above Report]

1. The nature of business / activities of the Body Corporate during the year is such that clauses (ii) and (v) to (xx) of the Indian Companies (Auditor's Report) Order, 2003 are not applicable to the Body Corporate for the year under review.
2. In respect of fixed assets:
 - a) The Body Corporate has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, the management has physically verified the fixed assets during the year. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Body Corporate and the nature of its business.
 - c) In our opinion, the fixed assets disposed off during the year has not affected the going concern assumption.
3. The Body Corporate has neither granted nor taken any loans, secured or unsecured, to and from companies, firms or other parties covered under Section 301 of the Indian Companies Act. Accordingly clauses (b), (c), (d), (f) and (g) of Para 4(iii) of the aforesaid Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Body Corporate and the nature of its business with regard to purchases of fixed assets etc and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. According to the information and explanations given to us, no fraud on or by the Body Corporate has been noticed or reported during the course of our audit.

For S. V. PINGE & CO.
Chartered Accountants,

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
May 16, 2010



BALANCE SHEET

AS AT 31ST MARCH, 2010 of GALAXY CHEMICALS INC.



SOURCES OF FUNDS	SCHEDULE	31st MARCH, 2010 Rs.	31st MARCH, 2009 Rs.
Shareholders' Funds:			
Share Capital	A	5,562	5,562
Reserves & Surplus	B	73,25,814	67,08,173
Foreign Currency Translation Reserve		(37,690)	8,66,522
Loan Funds			
Unsecured Loan	C	-	4,31,12,000
Total		<u>72,93,686</u>	<u>5,06,92,257</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	3,02,511	12,79,108
Less: Depreciation		3,02,421	11,55,503
Net Block		<u>90</u>	<u>1,23,605</u>
Current Assets, Loans & Advances			
Sundry Debtors	E	29,06,987	2,10,21,056
Cash & Bank Balances	F	48,73,887	48,41,528
Loans & Advances	G	2,00,928	3,62,59,830
		<u>79,81,802</u>	<u>6,21,22,414</u>
Less: Current Liabilities & Provisions			
Current Liabilities	H	6,88,206	1,11,90,556
Provision for Tax		-	3,63,206
Net Current Assets		<u>72,93,596</u>	<u>5,05,68,652</u>
Total		<u>72,93,686</u>	<u>5,06,92,257</u>
Notes to the Accounts	K		

Schedules 'A' to 'K' annexed hereto form part of these Accounts

As per our Report attached

For S. V. PINGE & CO.
Chartered Accountants

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
Date : May 16, 2010

For and on behalf of the board

S.R.SHANBHAG
Director

Pittsburgh
Date: May 15, 2010

G. RAMAKRISHNAN
Director

GALAXY CHEMICALS INC.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>SCHEDULE</u>	<u>31st MARCH, 2010 Rs.</u>	<u>31st MARCH, 2009 Rs.</u>
INCOME			
Commission Received		2,84,49,600	2,75,48,400
Other Income	I	2,49,693	59,091
Total		<u>2,86,99,293</u>	<u>2,76,07,491</u>
EXPENDITURE			
Personnel Cost		1,75,96,741	1,55,14,478
Administrative & Selling Expenses	J	99,81,827	1,04,98,376
Total		<u>2,75,78,568</u>	<u>2,60,12,854</u>
Profit Before Depreciation		11,20,725	15,94,637
Depreciation	D	1,15,458	2,58,771
Profit Before Tax		10,05,267	13,35,866
Income Tax		3,54,103	2,99,313
Less: Prior Year Adjustments			
- Income Tax		33,523	-
- Depreciation		-	71,901
Net Profit for the year		6,17,641	9,64,652
Add : Profit brought forward from last year		20,95,921	11,31,269
Balance carried to Balance Sheet		<u>27,13,562</u>	<u>20,95,921</u>
Earning / (Loss) per share - Basic & Diluted		51.47	80.39
Notes to the Accounts	K		

Schedules 'A' to 'K' annexed hereto form part of these Accounts

As per our Report attached

For S. V. PINGE & CO.
Chartered Accountants

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
Date : May 16, 2010

For and on behalf of the board

S.R.SHANBHAG
Director

Pittsburgh
Date: May 15, 2010

G. RAMAKRISHNAN
Director

GALAXY CHEMICALS INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	31st MARCH, 2010 Rs.	31st MARCH, 2009 Rs.
A. SHARE CAPITAL:		
12,000 Shares of US\$ 0.01 each fully paid up* [Previous Year: 12000 Shares of US\$ 0.01 each fully paid up]	5,562	5,562
Total	<u>5,562</u>	<u>5,562</u>
(*Refer Note 2 of Schedule K)		
B. RESERVE & SURPLUS:		
Securities Premium:		
Balance as per last year	46,12,252	46,12,252
	<u>46,12,252</u>	<u>46,12,252</u>
Profit & Loss Account:		
Balance of Profit as per Profit & Loss Account	27,13,562	20,95,921
	<u>27,13,562</u>	<u>20,95,921</u>
Total	<u>73,25,814</u>	<u>67,08,173</u>
C. LOAN FUNDS:		
Intercompany Loans from Holding Company	-	4,31,12,000
Total	<u>-</u>	<u>4,31,12,000</u>

D. FIXED ASSETS:

Particulars	Gross Block					Depreciation					Net Block	
	As at 31-03-09 Rs.	Additions Rs.	Deletions Rs.	Adjustments* Rs.	As at 31-03-10 Rs.	As at 31-03-09 Rs.	Additions Rs.	Deletions Rs.	Adjustments* Rs.	As at 31-03-10 Rs.	As at 31-03-09 Rs.	
Tangible Assets												
Motor Car	9,37,306	-	8,29,567	(1,07,739)	-	8,58,233	73,922	8,29,567	(1,02,588)	-	-	79,073
Computers	2,14,647	-	-	(24,674)	1,89,973	207,597	6,543	-	(24,212)	1,89,928	45	7,050
Office Equipments	1,27,155	-	-	(14,617)	1,12,538	89,673	34,993	-	(12,173)	1,12,493	45	37,482
Total	12,79,108	-	8,29,567	(1,47,030)	3,02,511	11,55,503	1,15,458	8,29,567	(1,38,973)	3,02,421	90	1,23,605

*Differences due to changes in the exchange rates

GALAXY CHEMICALS INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd..)

	31st MARCH, 2010 Rs.	31st MARCH, 2009 Rs.
E. SUNDRY DEBTORS:		
(Unsecured, Considered good)		
Debts outstanding over six months*	-	58,05,056
Other Debts*	29,06,987	1,52,16,000
Total	<u>29,06,987</u>	<u>2,10,21,056</u>
<i>(*Represents amount receivable from holding company)</i>		
F. CASH & BANK BALANCES:		
Cash on Hand	-	39,409
Cash at Bank	48,73,887	48,02,119
Total	<u>48,73,887</u>	<u>48,41,528</u>
G. LOANS & ADVANCES:		
Advances recoverable in cash or in kind	1,04,863	3,60,19,417
Security Deposits	96,065	2,40,413
Total	<u>2,00,928</u>	<u>3,62,59,830</u>
H. CURRENT LIABILITIES:		
Sundry Creditors	6,68,367	-
Advances Received	-	1,11,90,556
Outstanding Expenses	19,839	-
Total	<u>6,88,206</u>	<u>1,11,90,556</u>
I. Other Incomes:		
Profit on sale of asset	1,89,664	-
Bank Interest	60,029	59,091
Total	<u>2,49,693</u>	<u>59,091</u>
J. ADMINISTRATIVE & SELLING EXPENSES:		
Rent	4,64,677	10,74,388
Insurance	9,05,693	7,99,960
Travelling & Conveyance	31,77,062	30,59,066
Printing & Stationery	67,236	1,82,233
Subscriptions, Books & Periodicals	59,128	54,500
Postage & Telephones	8,82,317	11,53,911
Legal & Professional Fees	43,47,383	36,07,096
Rates & Taxes	-	1,05,005
Advertisement & Exhibition Expenses	-	1,68,321
Bank Charges	13,845	27,962
Donation	-	2,29,570
Miscellaneous Expenses	64,486	36,364
Total	<u>99,81,827</u>	<u>1,04,98,376</u>

GALAXY CHEMICALS INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd..)

K. NOTES TO THE ACCOUNTS

1. 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 issued by the Institute of Chartered Accountants of India and the relevant provisions of the Indian 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.

c) Fixed Assets:

Fixed Assets are stated at cost less depreciation.

d) Depreciation on Fixed Assets :

Depreciation is provided on straight line basis at the following rates :

Motor Car	20.00%
Computers	33.33%
Office Equipments	33.33%

e) Translation of accounts from the currency of country of it's incorporation USD to INR:

- Equity capital is recognised in the accounts at the exchange rate prevailing on the date of acquisition/issue.
- All other monetary and non-monetary assets and liabilities have been translated at the rates on the balance sheet date.
- Income and Expenses have been translated at the average rate for the period.

2. All the shares are held by Galaxy Surfactants Ltd.

3. Related party transactions:

Names of the related parties and nature of relationship:

Holding Company

Galaxy Surfactants Limited, India

Fellow Subsidiaries

Galaxy Holdings (Mauritius) Ltd., Mauritius

Galaxy Chemicals (Egypt) S.A.E., Egypt

Tri-K Industries, Inc., USA

Rainbow Holdings GmbH, Germany

Maybrook Inc., USA

OTC GmbH, Germany (Upto 25th Mar 2010)

Particulars

Transactions during the year

	FY 2009-10	FY 2008-09
	Rs.	Rs.
Commission from Galaxy Surfactants Limited	2,84,49,600	2,75,48,400
Inter-corporate loan repaid to Galaxy Surfactants Ltd	4,31,12,000	-
Inter-corporate loan taken from Galaxy Surfactants Ltd	-	4,31,12,000
Reimbursement by Galaxy Chemicals (Egypt) SAE of amounts incurred on their behalf	3,20,93,253	-
Reimbursement of expenses to Tri-K Industries, Inc	36,48,390	-
Loan given to Tri-K Industries, Inc.	1,63,10,000	-
Loan given to Tri-K Industries, Inc. repaid	1,63,10,000	-

Balances on Balance Sheet Date

Receivables from Galaxy Surfactants Ltd.	29,06,987	2,10,21,056
Payables to Tri-K Industries, Inc.	6,68,367	-
Inter-corporate loan from Galaxy Surfactants Ltd	-	4,31,12,000

4. Previous Year's figures are regrouped and rearranged wherever necessary to conform to this year's classification.

As per our Report attached

For S. V. PINGE & CO.

Chartered Accountants

S. V. PINGE

Proprietor

Membership No. 44276

Navi Mumbai

Date : May 16, 2010

For and on behalf of the Board

S. R. SHANBHAG

Director

Pittsburgh

Date: May 15, 2010

G. RAMAKRISHNAN

Director



DIRECTORS' REPORT

of GALAXY HOLDINGS (MAURITIUS) LTD.

To The Shareholders

Your Directors have pleasure in submitting their second annual report to the shareholders together with the audited financial statements for the year ended 31st March 2010.

State of affairs and review of activities

The main object of the Company is to act as a holding company for downstream investment in operating companies engaged in manufacturing / extending logistic and marketing support to surfactants and specialty chemicals used in home and personal care industry.

Particulars	2009-10	2008-09
	Rs.	Rs.
Income	1,56,15,613	-
Expenses	1,02,05,235	5,23,879
Profit / (Loss) before tax	54,10,378	(5,23,879)
Tax	4,31,818	-
Profit / (Loss) after tax	49,78,560	(5,23,879)

Directors

The Directors of the Company at 31st March 2010, all of whom served on the Board throughout the year and up to the date of this report are listed below:

Mr. Amal Autar
Mr. Sookraj Seechurn
Mr. Uday K. Kamat

Auditor

Mr. Gaetan Wong to Wing, A.C.A., has indicated his willingness to continue in office and a resolution concerning his re-appointment will be proposed at the annual meeting.

This report has been prepared to meet the requirements of section 212 of the Indian Companies Act, 1956, to the extent of information available.

By Order of the Board

U. K. Kamat
Director

Navi Mumbai
Date : June 9, 2010



AUDITORS' REPORT

of GALAXY HOLDINGS (MAURITIUS) LTD.



We have verified the attached Balance Sheet of Galaxy Holdings (Mauritius) Ltd., incorporated in Mauritius as at 31st March, 2010 and its Profit & Loss Account for the year ended 31st March, 2010. These accounts have been prepared based on the audited accounts of the Body Corporate under the statute of the country of its incorporation and additional certified returns which have been audited / certified by independent auditors and the same has been relied upon by us. These financial statements are the responsibility of the management of the Body Corporate. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Indian Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of section 227 (4A) of the Indian Companies Act, 1956, we enclose herewith in the annexure, a statement of the matter specified therein.
2. We hereby report that:
 - a) Proper returns necessary for making out the accounts in accordance with the requirement of Indian Companies Act, 1956, were received by us.
 - b) We have obtained the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
 - c) Proper books of account, have been kept by the Body Corporate.
 - d) The Balance Sheet and Profit & Loss Account dealt with by this report have been made out from the figures which are in agreement with the books of account.
 - e) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Indian Companies Act, 1956;
 - f) In our opinion and according to the information and explanations given to us, the said accounts together with the other notes appearing thereon, give the information required by the Indian Companies Act 1956, in the manner so required to the extent possible and practicable and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - i. In the case of Balance Sheet, of the State of Affairs of the Body Corporate as at 31st March, 2010 and
 - ii. In case of Profit & Loss Account, of the Profit of the Body Corporate for the period ended on that date.

For S. V. PINGE & CO.
Chartered Accountants,

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 9, 2010

**GALAXY HOLDINGS (MAURITIUS) LTD.
ANNEXURE TO THE AUDITORS' REPORT**

**OF EVEN DATE ON THE ACCOUNTS OF GALAXY HOLDINGS (MAURITIUS) LTD. FOR THE PERIOD ENDED
31ST MARCH, 2010**

[Referred to in paragraph 1 of the above Report]

1. The nature of business / activities of the Body Corporate during the year is such that clauses (i) to (ii) and (v) to (xx) of the Indian Companies (Auditor's Report) Order, 2003 are not applicable to the Body Corporate for the year under review.
2. The Body Corporate has neither granted nor taken any loans, secured or unsecured, to and from companies, firms or other parties covered under Section 301 of the Indian Companies Act. Accordingly clauses (b), (c), (d), (f) and (g) of Para 4(iii) of the aforesaid Order are not applicable.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Body Corporate and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
4. According to the information and explanations given to us, no fraud on or by the Body Corporate has been noticed or reported during the course of our audit.

For S. V. PINGE & CO.
Chartered Accountants,

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 9, 2010



BALANCE SHEET



AS AT 31ST MARCH, 2010 of GALAXY HOLDINGS (MAURITIUS) LTD.

	<u>SCHEDULE</u>	<u>31ST MARCH, 2010 Rs</u>	<u>31ST MARCH, 2009 Rs</u>
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	42,36,97,580	97,001
Reserves & Surplus	B	44,54,681	-
Foreign Currency Translation Reserve		(1,52,98,693)	(50,397)
Current Liabilities and Provisions			
Current Liabilities	F	64,23,329	5,78,715
Provisions	G	4,08,813	-
		<u>68,32,142</u>	<u>5,78,715</u>
TOTAL		<u>41,96,85,710</u>	<u>6,25,319</u>
APPLICATION OF FUNDS			
Investments	C	32,84,65,727	-
Current Assets, Loans & Advances			
Cash & Bank Balances	D	14,50,801	1,01,440
Loans & Advances	E	8,97,69,182	-
		<u>9,12,19,983</u>	<u>1,01,440</u>
Loss as per Profit & Loss Account		-	5,23,879
TOTAL		<u>41,96,85,710</u>	<u>6,25,319</u>
Notes to the Accounts	H		

Schedules "A" to "H" annexed hereto form part of these accounts

As per our Report attached.

S. V. PINGE & CO
Chartered Accountants

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
Date : June 9, 2010

For and on behalf of the Board

U. K. KAMAT
Director

Navi Mumbai
Date : June 9, 2010

GALAXY HOLDINGS (MAURITIUS) LTD.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>SCHEDULE</u>	<u>31ST MARCH, 2010 Rs</u>	<u>31ST MARCH, 2009 Rs</u>
INCOME			
Interest Income		1,56,15,613	-
TOTAL		<u>1,56,15,613</u>	<u>-</u>
EXPENDITURE			
Legal & Professional Fees		5,12,093	4,41,234
Rates & Taxes		85,349	82,645
Bank Charges		83,923	-
Foreign Exchange Differences (Net)		95,23,870	-
TOTAL		<u>1,02,05,235</u>	<u>5,23,879</u>
Profit / (Loss) Before Tax		54,10,378	(5,23,879)
Provision for Taxation - Current Tax		4,31,818	-
Net Profit / (Loss) for the year		49,78,560	(5,23,879)
Add/(Less): Profit / (Loss) brought forward from last year		(5,23,879)	-
Balance carried to Balance Sheet		<u>44,54,681</u>	<u>(5,23,879)</u>
Earning / (Loss) per share - Basic & Diluted		9.96	(261.94)

Notes to the Accounts

H

Schedules "A" to "H" annexed hereto form part of these accounts

As per our Report attached.

S. V. PINGE & CO
Chartered Accountants

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
Date : June 9, 2010

For and on behalf of the Board

U. K. KAMAT
Director

Navi Mumbai
Date : June 9, 2010

GALAXY HOLDINGS (MAURITIUS) LTD.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	31ST MARCH, 2010 Rs	31ST MARCH, 2009 Rs
	<u>Rs</u>	<u>Rs</u>
A. CAPITAL :		
Issued, Subscribed & Paid-up*:		
500,000 Equity Shares of \$ 1 each, fully paid-up. (Previous Year : 1 Equity Share of \$ 1 each, fully paid-up.)	2,37,25,040	49
8,350,000 10% Non Cumulative Redeemable Preference Shares of \$ 1 each fully paid-up. (Previous Year : NIL)*	39,81,23,475	-
Share Application Money	<u>18,49,065</u>	<u>96,952</u>
TOTAL	<u>42,36,97,580</u>	<u>97,001</u>
*(Refer Note 2 of Schedule H)		
B. RESERVES & SURPLUS :		
Profit & Loss Account :		
Balance of Profit as per Profit & Loss Account	<u>44,54,681</u>	<u>(5,23,879)</u>
TOTAL	<u>44,54,681</u>	<u>(5,23,879)</u>
C. INVESTMENTS :		
Unquoted		
25,000 Equity Share of EUR 1 each fully paid up of Rainbow Holdings GmbH (Previous Year: NIL)	18,39,003	-
72 Equity Shares of no par value of Tri-K Industries, Inc.(Previous Year: NIL)	12,61,57,724	-
8,000,000 Equity Shares of Galaxy Chemicals (Egypt) S.A.E of \$ 1 each of which \$ 0.5375 is paid up (Previous Year: NIL)	20,04,69,000	-
TOTAL	<u>32,84,65,727</u>	<u>-</u>
D. CASH AND BANK BALANCES :		
Cash at Bank	<u>14,50,801</u>	<u>1,01,440</u>
TOTAL	<u>14,50,801</u>	<u>1,01,440</u>
E. LOANS AND ADVANCES :		
(Unsecured, considered good)		
Intercorporate loan to a subsidiary	<u>8,97,69,182</u>	<u>-</u>
TOTAL	<u>8,97,69,182</u>	<u>-</u>
F. CURRENT LIABILITIES :		
Sundry Creditors and Expenses Payable	<u>64,23,329</u>	<u>5,78,715</u>
TOTAL	<u>64,23,329</u>	<u>5,78,715</u>
G. PROVISIONS :		
Provision for Taxation (Net of Payments)	<u>4,08,813</u>	<u>-</u>
TOTAL	<u>4,08,813</u>	<u>-</u>

GALAXY HOLDINGS (MAURITIUS) LTD. SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Schedule H

Notes Forming Part of the Accounts

1. Statement of Significant accounting policies:

- a) **Basis for preparation of accounts :**
The accounts have been prepared in accordance with the historical cost convention.
- b) **Revenue Recognition :**
Revenue /Income and Cost/Expenditure are generally accounted on accrual basis as they are earned or incurred.
- c) **Fixed Assets:**
The Company doesn't have any fixed assets.
- d) **Investments:**
Investments being long term are stated at cost.
- e) **Translation of accounts from the currency of country of it's incorporation USD to INR:**
 - Equity capital is recognised in the accounts at the exchange rate prevailing on the date of issue.
 - Investments are translated at the rates prevailing on the date on which investments were made.
 - All other monetary and non-monetary assets and liabilities have been translated at the rates on the balance sheet date.
 - Income and expenses have been translated at the average rate for the period.

2. All the equity shares and preference shares are fully held by Galaxy Surfactants Limited, India.

3. Related Party Transactions

Names of related parties and nature of relationship:

Holding Company

Galaxy Surfactants Limited, India

Fellow Subsidiary

Galaxy Chemicals Inc., USA

Subsidiaries

Galaxy Chemicals (Egypt) S.A.E., Egypt

Rainbow Holdings GmbH, Germany

Tri-K Industries, Inc., USA

Maybrook Inc., USA

OTC GmbH, Germany (Upto 25th March 2010)

Particulars

**FY 2009-10
Rs.**

**FY 2008-09
Rs.**

Transactions during the year

Loan taken from Galaxy Surfactants Limited	20,53,38,000	
Loan repaid to Galaxy Surfactants Limited	20,53,38,000	
Loan given to Rainbow Holdings GmbH	8,35,06,174	
Interest accrued on loan given to Rainbow Holdings GmbH	62,63,008	
Loan given to OTC GmbH*	11,06,59,001	
Interest accrued on loan given to OTC GmbH*	80,00,125	
Expenses incurred by Galaxy Surfactants Limited on our behalf	-	3,82,936
Reimbursement of expenses incurred by Galaxy Surfactants Limited	3,82,936	
Investment in shares of Galaxy Chemicals (Egypt) S.A.E.	20,04,69,000	
Balance as on Balance Sheet Date		
Loan given to Rainbow Holdings GmbH	8,35,06,174	
Interest accrued on loan given to Rainbow Holdings GmbH	62,63,008	
Investment in shares of Rainbow Holdings GmbH	18,39,003	
Investment in shares of Galaxy Chemicals (Egypt) S.A.E.	20,04,69,000	
Investment in shares of Tri-K Industries Inc.*	11,86,59,126	
Expenses incurred by Galaxy Surfactants Limited on our behalf		3,82,936

*Loan given to OTC GmbH together with accrued interest has been adjusted as consideration for investment in shares of Tri-K Industries, Inc.

4. Previous year's figures have been regrouped and reclassified where necessary.

As per our Report attached

For and on behalf of the Board

For S. V. PINGE & CO.

Chartered Accountants

S. V. PINGE

Proprietor

Membership No. 44276

Navi Mumbai

Date : June 9, 2010

U. K. KAMAT

Director

Navi Mumbai

Date : June 9, 2010



DIRECTORS' REPORT

of RAINBOW HOLDINGS GmbH



To The Shareholders

Your Director has great pleasure in presenting to you the First Annual Report of your Company together with the Audited Statement of Accounts for the period ended 31st December 2009.

Review of operations

Your Company was incorporated on April 21, 2009 primarily to act as a holding company for its investments in Germany and USA. Your Company joined with Gerd Dahms Group of Germany ("Dahms Group") to acquire R & D Assets from Sachtleben GmbH, Germany and shares of Tri-K Industries Inc., USA (Tri-K), a company established for marketing and distributing of specialty ingredients for the Personal Care Industry from White Pigments LLC., USA

On completion of acquisition process, your Company acquired 60% stake in OTC GmbH Germany which was a special purpose vehicle formed for the purpose and 76% stake in Tri-K. The balance 40% in OTC GmbH and 24% of Tri-K, was held by Dahms Group.

However, there were differences of opinion between Dahms Group and your ultimate holding company Galaxy Surfactants Limited. Both mutually agreed to rearrange the affairs. Your Company signed a settlement agreement with Dahms Group on 25th March, 2010 whereby the entire 60% holding in OTC GmbH held by your Company was sold to Dahms Group. The Dahms Group's holding of 24% interest in Tri-K Industries Inc. was bought over by Galaxy Holdings (Mauritius) Ltd., Mauritius, holding company of your Company.

Auditors

As per the laws of Germany, the Company is not required to get its accounts audited. Since your Company is a subsidiary company of Galaxy Holdings (Mauritius) Ltd. which in turn is a subsidiary company of Galaxy Surfactants Limited and keeping in mind the provisions of Section 212 of the Indian Companies Act, 1956, the Statement of Accounts has been audited by M/s. S. V. Pinge & Co., Chartered Accountants, Mumbai, who are also the Statutory Auditors of Galaxy Surfactants Limited, which is the ultimate holding company.

This report has been prepared to meet the requirements of section 212 of the Indian Companies Act, 1956, to the extent of information available.

For Rainbow Holdings GmbH

U. K. KAMAT
Managing Director

Navi Mumbai,
June 9, 2010



AUDITORS' REPORT

of RAINBOW HOLDINGS GmbH

To the members of **RAINBOW HOLDINGS GmbH**.

We have audited the attached Balance Sheet of **RAINBOW HOLDINGS GmbH**, as at 31st December, 2009 and its Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the management of the Body Corporate. Our responsibility is to express an opinion on these financial statements based on our audit.

The Body Corporate has been incorporated on April 21, 2009 in Germany. On 19th June 2009, it became a wholly owned subsidiary of Galaxy Holdings (Mauritius) Ltd., which is a wholly owned subsidiary of Galaxy Surfactants Limited, Navi Mumbai, India. We are informed that as per the laws of Germany, the Body Corporate is not required to get its accounts audited. However, in order to comply with the provisions of Section 212 of the Indian Companies Act, 1956, we have audited the Accounts of the Body Corporate for the Period ended 31st December 2009.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and report that:

1. As required by the Indian Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Indian Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Body Corporate so far as appears from our examination of the books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Indian Companies Act, 1956;
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the other notes appearing thereon, give the information required by the Indian Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Body Corporate as at 31st December, 2009; and
 - b) in the case of the Profit and Loss Account, of the loss for the period ended on that date.

For S. V. PINGE & CO.
Chartered Accountants,

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 9, 2010

RAINBOW HOLDINGS GmbH
ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS OF RAINBOW HOLDINGS GmbH.
FOR THE PERIOD ENDED 31ST DECEMBER, 2009.

[Referred to in paragraph 1 of the above Report]

1. The nature of business / activities of the Body Corporate during the year is such that clauses (i) to (ii) and (v) to (xx) of the Indian Companies (Auditor's Report) Order, 2003 are not applicable to the Body Corporate for the year under review.
2. The Body Corporate has neither granted nor taken any loans, secured or unsecured, to and from companies, firms or other parties covered under Section 301 of the Indian Companies Act, 1956. Accordingly clauses (b), (c), (d), (f) and (g) of Para 4(iii) of the aforesaid Order are not applicable.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Body Corporate and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
4. According to the information and explanations given to us, no fraud on or by the Body Corporate has been noticed or reported during the course of our audit.

For S. V. PINGE & CO.
Chartered Accountants,

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 9, 2010



BALANCE SHEET

AS AT 31ST DECEMBER, 2009 of RAINBOW HOLDINGS GmbH

	<u>SCHEDULE</u>	<u>31ST DECEMBER 2009 Rs</u>
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	A	16,75,750
Foreign Currency Translation Reserve		7,43,216
Loan Funds		
Unsecured Loan	B	9,25,42,800
Total		<u>9,49,61,766</u>
APPLICATION OF FUNDS		
Investments		
Investments	C	8,70,60,896
Current Assets, Loans & Advances		
Cash & Bank Balances	D	69,53,451
		<u>69,53,451</u>
Less: Current Liabilities & Provisions		
Current Liabilities	E	46,27,140
		<u>23,26,311</u>
Net Current Assets		
		<u>23,26,311</u>
Balance of loss as per Profit & Loss Account		
		55,74,559
Total		<u>9,49,61,766</u>
Notes to the Accounts	F	

Schedules 'A' to 'F' annexed hereto form part of these Accounts

As per our Report attached

For S. V. PINGE & CO.
Chartered Accountants

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
Date : June 9, 2010

For Rainbow Holdings GmbH

U. K. KAMAT
Managing Director

Navi Mumbai
Date : June 9, 2010

RAINBOW HOLDINGS GmbH
 PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2009

	<u>SCHEDULE</u>	31ST DECEMBER 2009 <u>Rs</u>
INCOME		
Income		-
Total		<u>-</u>
EXPENDITURE		
Bank Charges		17,060
Interest on Loan		47,65,761
Professional Fees		7,91,738
Total		<u>55,74,559</u>
Profit / (Loss) before tax		(55,74,559)
Provision for tax		-
Balance carried to Balance Sheet		<u>(55,74,559)</u>
Earning / (Loss) per share - Basic & Diluted		(222.98)

Notes to the Accounts

F

Schedules 'A' to 'F' annexed hereto form part of these Accounts

As per our Report attached

For S. V. PINGE & CO.
Chartered Accountants

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
Date : June 9, 2010

For Rainbow Holdings GmbH

U. K. KAMAT
Managing Director

Navi Mumbai
Date : June 9, 2010

RAINBOW HOLDINGS GmbH
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	31ST DECEMBER 2009 Rs
A. SHARE CAPITAL:	
Issued, subscribed and paid up	
25,000 Shares of Euro 1 each fully paid up*	<u>16,75,750</u>
Total	<u>16,75,750</u>
<i>(*Refer Note 2 of Schedule F)</i>	
B. UNSECURED LOAN	
Loan from Holding Company	<u>9,25,42,800</u>
Total	<u>9,25,42,800</u>
C. INVESTMENTS	
(Long term, non trade, unquoted and valued at cost)	
228 Ordinary shares in Tri-K Industries, Inc., USA (Subsidiary) (Previous year - Nil)	<u>6,02,86,430</u>
15000 Equity Shares in OTC GmbH, Germany (Subsidiary)*	<u>2,67,74,466</u>
Total	<u>8,70,60,896</u>
<i>(*Refer Note 3 of Schedule F)</i>	
D. CASH & BANK BALANCES:	
Cash at Bank	<u>69,53,451</u>
Total	<u>69,53,451</u>
E. CURRENT LIABILITIES:	
Interest accrued but not due	<u>46,27,140</u>
Total	<u>46,27,140</u>

RAINBOW HOLDINGS GmbH

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Schedule F

Notes to Accounts

1. Statement of Significant accounting policies:
 - 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 issued by the Institute of Chartered Accountants of India and the relevant provisions of the Indian Companies Act, 1956.
 - b) **Revenue Recognition :**
Revenue /Income and Cost/Expenditure are generally accounted on accrual basis as they are earned or incurred.
 - c) **Investments:**
Investments being long term are stated at cost.
 - d) **Translation of accounts from the currency of country of it's incorporation EUR to INR:**
 - Equity Capital has been recognised in the accounts at the exchange rate prevailing on the date of their issue.
 - Investments are translated at the rates prevailing on the date on which investments were made.
 - All other Monetary and Non-monetary assets and liabilities have been translated at the rates on the balance sheet date.
 - Income and expenses have been translated at the average rates.
2. All the 25,000 shares are held by Galaxy Holdings (Mauritius) Limited, Mauritius, which is a wholly owned subsidiary of Galaxy Surfactants Limited, India.
3. Events Occurring after the Balance sheet date:
The Company has sold investments in OTC GmbH in March 2010 for a consideration of EUR 1.

4. Related Party Transactions

Names of related parties and nature of relationship:

Holding Company

Galaxy Holdings (Mauritius) Ltd., Mauritius

Ultimate Holding Company

Galaxy Surfactants Limited, India

Subsidiaries

OTC GmbH, Germany

Tri-K Industries, Inc., USA

Maybrook Inc., USA

Fellow Subsidiaries

Galaxy Chemicals (Egypt) S.A.E., Egypt

Galaxy Chemicals Inc., USA

Particulars

2009
(Rs.)

Transactions during the year

Loan taken from Galaxy Holdings (Mauritius) Ltd.	9,25,42,800
--	-------------

Interest accrued on loan from Galaxy Holdings (Mauritius) Ltd.	46,27,140
--	-----------

Loan given to OTC GmbH*	8,60,48,246
-------------------------	-------------

Balance as at year end

Loan taken from Galaxy Holdings (Mauritius) Ltd.	9,25,42,800
--	-------------

Interest accrued on loan from Galaxy Holdings (Mauritius) Ltd.	46,27,140
--	-----------

Investment in OTC GmbH*	2,57,61,816
-------------------------	-------------

Investment in Tri K Industries Inc.*	6,02,86,430
--------------------------------------	-------------

* Loan given to OTC GmbH was settled partly by acquiring shares in Tri-K Industries Inc., and partly against conversion into capital reserve of OTC GmbH.

5. Previous Year's figures are not applicable as this is the first year of Company's operations.

As per our Report attached

For S. V. PINGE & CO.

Chartered Accountants

S. V. PINGE

Proprietor

Membership No. 44276

Navi Mumbai

Date : June 9, 2010

For Rainbow Holdings GmbH

U. K. KAMAT

Managing Director

Navi Mumbai

Date : June 9, 2010



DIRECTORS' REPORT

of TRI-K INDUSTRIES, INC.

To The Shareholders:

Your Directors have great pleasure in presenting this report together with the Audited Financial Statements for the six month period ended December 31, 2009.

Financial Results:

Particulars	Rupees
Sales & Other Income	29,11,10,339
Profit/(Loss) before Depreciation	(1,04,14,058)
Depreciation	14,22,174
Profit/(Loss) before tax	(1,18,36,232)
Tax expense / (Income)	(29,39,978)
Profit after tax	(88,96,254)

Operations & Activity:

Your Company is in the business of marketing and distribution of specialty ingredients used in personal care products, predominantly in North America and South America. Your Company caters to all cosmetic and personal care market segments including skin care, sun care, hair care, color cosmetics, toiletries and personal cleansing. The entire range is in line with the market trend of being Organic, Natural and ECOCERT. Your Company has a strong customer relationship at all levels with multinationals, contract packagers, entrepreneurs, consultants and R&D personnel. Your Company became a member of the Galaxy Group during the year. It now desires to bring substantial growth in its business over the next few years.

Acknowledgement:

Your Directors wish to place on record their appreciation for the wholehearted and sincere co-operation received from its employees, customers, suppliers and other business partners.

This report has been prepared to meet the requirements of section 212 of the Indian Companies Act, 1956, to the extent of information available.

For and on behalf of the Board

G. RAMAKRISHNAN
Chairman

U. K. KAMAT
Director

Navi Mumbai
Date: June 9, 2010



AUDITORS' REPORT

of TRI-K INDUSTRIES, INC.



We have verified the attached Balance Sheet of Tri-K Industries Inc., incorporated in United States of America as at 31st December, 2009 and its Profit & Loss Account for the period from 1st July 2009 to 31st December 2009. These accounts have been prepared based on the audited accounts of the Body Corporate under the statute of the country of its incorporation and additional certified returns which have been audited / certified by independent auditors and the same has been relied upon by us. These financial statements are the responsibility of the management of the Body Corporate. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Indian Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Indian Companies Act, 1956, we enclose herewith in the annexure a statement of the matter specified therein.
2. We hereby report that:
 - a) Proper returns necessary for making out the accounts in accordance with the requirement of Indian Companies Act, 1956, were received by us.
 - b) We have obtained the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
 - c) Proper books of account have been kept by the Body Corporate.
 - d) The Balance Sheet and Profit & Loss Account dealt with by this report have been made out from the figures which are in agreement with the books of accounts.
 - e) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Indian Companies Act, 1956,
 - f) In our opinion and according to the information and explanations given to us, the said accounts together with the other notes appearing thereon, give the information required by the Indian Companies Act, 1956, in the manner so required to the extent possible and practicable and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - i. In the case of Balance Sheet, of the State of Affairs of the Body Corporate as at 31st December, 2009 and
 - ii. In case of Profit & Loss Account of the loss of the Body Corporate for the period ended on that date.

For S. V. PINGE & CO.
Chartered Accountants,

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 9, 2010

TRI-K INDUSTRIES, INC. ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS OF TRI-K INDUSTRIES INC. FOR THE PERIOD ENDED 31ST DECEMBER 2009

[Referred to in paragraph 1 of the above Report]

1. In respect of fixed assets:
 - a) The Body Corporate has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the Body Corporate and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) The Body Corporate has not disposed off any of the fixed assets during the year.
2. In respect of inventories:
 - a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Body Corporate and the nature of its business.
 - c) On the basis of our examination of records of inventory, in our opinion, the Body Corporate has maintained proper records of inventory and discrepancies noticed on physical verification between the physical stocks and book records were not material in relation to the operations of the Body Corporate.
3. The Body Corporate has neither granted nor taken any loan or advance in the nature of loan (secured or unsecured) to/from any director, Body Corporate, company, firm or parties listed in the register required to be maintained under section 301 of the Indian Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Body Corporate and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further, on the basis of our examinations and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. According to the information and explanations given to us there are no transactions required to be recorded in the register maintained under Section 301 of the Indian Companies Act, 1956.
6. The Body Corporate has not accepted deposit from any sources within the meaning of "Acceptance of Deposit Rules 1975" under Indian Companies Act, 1956.
7. The Body Corporate has an internal audit system commensurate with its size and nature of its business.
8. Section 209(i)(d) of the Indian Companies Act, 1956, is not applicable to the Body Corporate.
9. According to information and explanations given to us, the Body Corporate is depositing with appropriate authorities undisputed statutory dues to the extent applicable to it. We have been informed that there is no undisputed statutory dues as at the year end which is outstanding for a period of six months from the date the same became payable. According to information and explanations given to us, there are no disputed statutory dues which have not been deposited with respective authorities.
10. The Body Corporate has incurred cash losses during the year under audit. The Body Corporate does not have accumulated losses as at 31st December, 2009.
11. The Body Corporate has not availed any facility from any bank or financial institutions and has not issued any debentures.
12. According to information and explanations given to us, the Body Corporate has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the provisions of any special statute as specified under Clause (xiii) of paragraph 4 of the Order are not applicable to the Body Corporate.

TRI-K INDUSTRIES, INC.
ANNEXURE TO THE AUDITORS' REPORT

14. In our opinion and according to the information and explanations given to us, the Body Corporate is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of paragraph 4 of the Order are not applicable to the Body Corporate.
15. The Body Corporate has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Body Corporate has not availed any term loans during the year. Accordingly, the provisions of Clause (xvi) of paragraph 4 of the Order are not applicable to the Body Corporate.
17. The Body Corporate has not raised any funds on a short term basis and accordingly, the provisions of Clause (xvii) of paragraph 4 of the Order are not applicable to the Body Corporate.
18. The Body Corporate has not made any preferential issue of shares during the year.
19. The Body Corporate has not issued any debentures and hence the provisions of Clause (xix) of paragraph 4 of the Order are not applicable to the body corporate.
20. During the year covered by our audit, the Body Corporate has not raised any money by public issues.
21. According to the information and explanations given to us, no fraud on or by the Body Corporate has been noticed or reported during the course of our audit.

For S. V. PINGE & CO.
Chartered Accountants,

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 9, 2010



BALANCE SHEET

AS AT 31ST DECEMBER, 2009 of TRI-K INDUSTRIES, INC.

	<u>SCHEDULE</u>	<u>31ST DECEMBER, 2009 Rs</u>
SOURCES OF FUNDS		
Shareholders' Funds		
Capital	A	48,090
Reserves & Surplus	B	21,90,83,961
Foreign Currency Translation Reserve		<u>(25,32,934)</u>
TOTAL		<u>21,65,99,117</u>
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	C	2,43,30,790
Less: Depreciation		<u>39,04,445</u>
Net Block		<u>2,04,26,345</u>
Investments	D	4,08,76,500
Deferred Tax Asset		60,36,750
Current Assets, Loans & Advances		
Inventories	E	9,42,74,316
Sundry Debtors	F	5,61,78,590
Cash & Bank Balances	G	1,29,34,189
Loans & Advances	H	<u>2,78,00,950</u>
		19,11,88,045
Less: Current Liabilities and Provisions		
Current Liabilities	I	4,17,94,315
Provisions	J	<u>1,34,208</u>
Net Current Assets		<u>14,92,59,522</u>
TOTAL		<u>21,65,99,117</u>
Notes to the Accounts	O	

Schedules 'A' to 'O' annexed hereto form part of these accounts

As per our Report attached

For S. V. PINGE & CO.
Chartered Accountants

For TRI-K INDUSTRIES, INC.

S. V. PINGE
Proprietor
Membership No. 44276

G. RAMAKRISHNAN
Chairman

U. K. KAMAT
Director

Navi Mumbai
Date: June 9, 2010

Navi Mumbai
Date: June 9, 2010

TRI-K INDUSTRIES, INC.
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2009

	<u>SCHEDULE</u>	31ST DECEMBER, 2009 <u>Rs</u>
INCOME		
Net Sales		28,40,29,823
Other Income	K	70,80,516
TOTAL		<u>29,11,10,339</u>
EXPENDITURE		
Purchases & Inventory Adjustments	L	17,50,91,852
Personnel Costs	M	8,41,40,945
Other Selling and Administrative Expenses	N	4,22,91,600
TOTAL		<u>30,15,24,397</u>
Profit / (Loss) Before Depreciation		(1,04,14,058)
Depreciation	C	14,22,174
Profit / (Loss) Before Tax		(1,18,36,232)
Provision for Taxation		
- Current Tax		1,36,927
- Deferred Tax Expense / (Income)		(30,76,905)
Net Profit / (Loss) for the year		(88,96,254)
Add : Profit brought forward		22,79,80,215
Balance carried to Balance Sheet		<u>21,90,83,961</u>
Earning / (Loss) per share - Basic & Diluted		(29,654.18)

Notes to the Accounts O

Schedules 'A' to 'O' annexed hereto form part of these accounts

As per our Report attached

For S. V. PINGE & CO.
Chartered Accountants

For TRI-K INDUSTRIES, INC.

S. V. PINGE
Proprietor
Membership No. 44276

G. RAMAKRISHNAN
Chairman

U. K. KAMAT
Director

Navi Mumbai
Date: June 9, 2010

Navi Mumbai
Date: June 9, 2010

TRI-K INDUSTRIES, INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

31ST DECEMBER,
2009
Rs

A. CAPITAL :

Issued, Subscribed & Paid-up :

300 Equity Shares of No par Value

48,090

TOTAL

48,090

B. RESERVES & SURPLUS :

Profit & Loss Account:

Balance of Profit as per Profit & Loss Account

21,90,83,961

TOTAL

21,90,83,961

C . FIXED ASSETS:

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at 01.07.09 Rs	Additions Rs	Deletions Rs	Adjustments* Rs	As at 31.12.09 Rs	As at 01.07.09 Rs	Additions Rs	Deletions Rs	Adjustments* Rs	As at 31.12.09 Rs	As at 31.12.09 Rs	As at 01.07.09 Rs
1. Leasehold Improvements	1,83,00,842	-	-	(5,67,025)	1,77,33,817	15,09,664	9,04,663	-	(64,736)	23,49,591	1,53,84,226	1,67,91,178
2. Furniture & Fixtures	24,56,244	-	-	(76,103)	23,80,141	2,45,916	1,73,463	-	(11,064)	4,08,315	19,71,826	22,10,328
3. Office Equipments	42,35,372	1,12,687	-	(1,31,227)	42,16,832	8,35,200	3,44,048	-	(32,709)	11,46,539	30,70,293	34,00,172
TOTAL	2,49,92,458	1,12,687	-	(7,74,355)	2,43,30,790	25,90,780	14,22,174	-	(1,08,509)	39,04,445	2,04,26,345	2,24,01,678

*Differences due to changes in the exchange rates

TRI-K INDUSTRIES, INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	31ST DECEMBER, 2009 Rs
D. INVESTMENTS :	
(Non-trade, unquoted, long term, valued at cost)	
Investments in Subsidiary (Maybrook Inc.) 100 Equity Shares of No par Value	4,08,76,500
TOTAL	<u>4,08,76,500</u>
E. INVENTORIES :	
(Taken, valued and certified by a Director, including lying with third parties)	
Stock in trade (after provision for obsolescence of Rs. 10,71,129)	9,42,74,316
TOTAL	<u>9,42,74,316</u>
F. SUNDRY DEBTORS :	
Debtors*	5,85,08,590
Provision for doubtful debts	(23,30,000)
TOTAL	<u>5,61,78,590</u>
(*Breakup of debts outstanding for over six months is not available)	
G. CASH AND BANK BALANCES :	
Cash on hand	23,300
Cash at bank	1,29,10,889
TOTAL	<u>1,29,34,189</u>
H. LOANS AND ADVANCES :	
(Unsecured, considered good)	
Advances recoverable in cash or kind for value to be received*	2,57,50,550
Tender, Security & Other Deposits	20,50,400
TOTAL	<u>2,78,00,950</u>
(* Includes Rs.1,77,01,680 receivable from subsidiary)	

TRI-K INDUSTRIES, INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	31ST DECEMBER, 2009 Rs
I. CURRENT LIABILITIES :	
Sundry Creditors and Expenses Payable	4,17,94,315
TOTAL	<u>4,17,94,315</u>
J. PROVISIONS :	
Provision for Taxation (Net of Payments)	1,34,208
TOTAL	<u>1,34,208</u>
K. OTHER INCOME :	
Commission Income	13,23,609
Management Fee Income	47,54,495
Miscellaneous Income	10,02,412
TOTAL	<u>70,80,516</u>
L. PURCHASES & INVENTORY ADJUSTMENTS :	
Purchases- Traded goods	15,99,85,752
	<u>15,99,85,752</u>
(Increase)/Decrease in Stock of Finished Goods & Work-in-process :	
Add: Opening Stock in Trade	10,93,80,416
Less: Closing Stock in Trade	9,42,74,316
Net (Increase)/Decrease	<u>1,51,06,100</u>
TOTAL	<u>17,50,91,852</u>
M. PERSONNEL COSTS :	
Salaries, Wages & Allowances	6,90,39,855
Contribution to Employee Benefit Funds	74,56,824
Workmen & Staff Welfare Expenses	76,44,266
TOTAL	<u>8,41,40,945</u>

TRI-K INDUSTRIES, INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	31ST DECEMBER, 2009
	<u>Rs</u>
N. OTHER SELLING AND ADMINISTRATIVE EXPENSES:	
Repairs & Maintenance - Building	14,88,865
Rent	59,63,777
Insurance	21,21,770
Travelling & Conveyance	1,05,32,526
Printing & Stationery	11,07,355
Freight & Forwarding	28,98,889
Subscription, Books & Periodicals	9,66,545
Legal & Professional Fees	68,12,104
Postage & Telephones	21,15,882
Advertising Expenses	17,40,299
Exhibitions & Seminar Expenses	12,09,741
Donations	79,636
Bank Charges	3,82,222
Bad Debts written off	16,10,185
Foreign Exchange Differences (Net)	8,55,851
Miscellaneous Expenses	24,05,953
TOTAL	<u>4,22,91,600</u>

TRI-K INDUSTRIES, INC.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE O

NOTES TO THE ACCOUNTS

1. Accounting policies adopted in preparation of financial statements:

a) Basis for preparation of accounts :

The accounts have been prepared in accordance with the historical cost convention.

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.

c) Fixed Assets:

Fixed Assets are stated at cost less depreciation.

d) Depreciation on Fixed Assets :

Depreciation is provided over the useful life of the assets using straight line method. Leasehold improvements are amortised over the shorter of the lease term or the estimated useful lives of the assets. Assets are depreciated over the following useful lives.

Leasehold improvements	10 years
Office equipment (including software)	5 years
Furniture & Fixtures	7 years

e) Inventory

Inventories are Valued at lower of cost or net realisable value.

f) Investments

Investments being long term are stated at cost.

g) Income Taxes

Deferred income taxes are recognised for the tax consequences of temporary differences by applying enacted statutory tax rate applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes result primarily from temporary differences related to accumulated depreciation, accounts receivable and inventory.

h) Translation of accounts from the currency of country of it's incorporation USD to INR:

- Equity capital and pre acquisition reserves are recognised in the accounts at the exchange rate prevailing on the date of acquisition / issue.
- Investments are translated at the rates prevailing on the date on which investments were made.
- All other monetary and non-monetary assets and liabilities have been translated at the rates on the balance sheet date
- Income and expenses have been translated at the average rate for the period.

2. Of the issued shares 228 shares are held by Rainbow Holdings GmbH, Germany and the balance 72 shares are held by Galaxy Holdings (Mauritius) Limited. Galaxy Surfactants Limited, India is the ultimate holding company of Rainbow Holdings GmbH and Galaxy Holdings (Mauritius) Limited.

3. The Company has entered into long term lease agreements for the use of office and warehouse space. Following is the schedule of future minimum lease payments under these non-cancellable operating leases.

Year ending	Dec 31, 2010	Rs. 1,23,02,400
	2011	Rs. 1,23,02,400
	2012	Rs. 30,75,600

TRI-K INDUSTRIES, INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

4. Quantitative Information
(Quantitative information is provided to the extent available)

Net Sales Turnover:

Product Group	Period ended Dec 31, 2009	
	Qty. (MT)	Rupees
Specialty Chemicals	241	28,40,29,823
Total	241	28,40,29,823

Finished Goods:

Product Group	As at Dec 31, 2009	
	Qty. MT	Rupees
Specialty Chemicals	130	9,42,74,316
Total	130	9,42,74,316

5. Related party transactions:
Names of the related parties and nature of relationship:

Ultimate Holding Company

Galaxy Surfactants Limited, India

Holding Company

Rainbow Holdings GmbH, Germany

Subsidiary

Maybrook Inc., USA

Subsidiaries of Ultimate Holding Company

Galaxy Holdings (Mauritius) Ltd., Mauritius

Galaxy Chemicals Inc., USA

Galaxy Chemicals (Egypt) S.A.E., Egypt

OTC GmbH, Germany

Particulars

**2009
Rs.**

Transactions during the period

Sales to OTC GmbH	19,65,802
Purchases from OTC GmbH	45,55,619
Management Fees from Maybrook Inc.	47,54,495
Loan Taken from Galaxy Chemical, Inc.	1,63,10,000
Loan Taken from Galaxy Chemical, Inc. Repaid	1,63,10,000
Balance as on 31st December 2009	
Loan receivable from Subsidiary	1,77,01,680

As per our Report attached

For S. V. PINGE & CO.

Chartered Accountants

S. V. PINGE

Proprietor

Membership No. 44276

Navi Mumbai

Date : June 9, 2010

For and on behalf of the Board

G. RAMAKRISHNAN

Chairman

U. K. KAMAT

Director

Navi Mumbai

Date: June 9, 2010



DIRECTORS' REPORT

of MAYBROOK INC.

24th Annual Report
2009-2010

To The Shareholders:

Your Directors have great pleasure in presenting to you this report together with the Audited Financial Statements for the six months period ended December 31, 2009.

Financial Results:

Particulars	Rs.
Sales & Other Income	4,35,58,054
Profit/(Loss) before Depreciation	35,18,789
Depreciation	12,65,032
Profit/(Loss) before tax	22,53,757
Tax expense / (Income)	4,55,139
Profit after tax	17,98,618

Dividend:

In view of the nominal profit made by your Company, your directors do not propose any Dividend for the year.

Operations & Activity:

Your Company is in the business of manufacturing Proteins for the personal care industry. In July 2009, your Company became a part of the Galaxy Group. This acquisition by Galaxy Group brings in lot of synergies to the business of your Company. With its complimenting business models, focused attention on the Home & Personal care industry, your Company is confident to take the business to higher levels in the future.

Acknowledgement:

Your Directors wish to place on record their appreciation for the wholehearted and sincere co-operation received from its employees, customers, suppliers and other business partners.

This report has been prepared to meet the requirements of section 212 of the Indian Companies Act, 1956, to the extent of information available.

For and on behalf of the Board

G. RAMAKRISHNAN
Chairman

U. K. KAMAT
Director

Navi Mumbai
Date : June 9, 2010



AUDITORS' REPORT

of MAYBROOK INC.



We have verified the attached Balance Sheet of Maybrook Inc., incorporated in United States of America as at 31st December, 2009 and its Profit & Loss Account for the period from 1st July 2009 to 31st December 2009. These accounts have been prepared based on the audited accounts of the Body Corporate under the statute of the country of its incorporation and additional certified returns which have been audited / certified by independent auditors and the same has been relied upon by us. These financial statements are the responsibility of the management of the Body Corporate. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Indian Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Indian Companies Act, 1956, we enclose herewith in the annexure, a statement of the matter specified therein.
2. We hereby report that:
 - a) Proper returns necessary for making out the accounts in accordance with the requirement of Indian Companies Act, 1956, were received by us.
 - b) We have obtained the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
 - c) Proper books of account have been kept by the Body Corporate.
 - d) The Balance Sheet and Profit & Loss Account dealt with by this report have been made out from the figures which are in agreement with the books of account.
 - e) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Indian Companies Act, 1956.
 - f) In our opinion and according to the information and explanations given to us, the said accounts together with the other notes appearing thereon, give the information required by the Indian Companies Act, 1956, in the manner so required to the extent possible and practicable and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - i. In the case of Balance Sheet, of the State of Affairs of the Body Corporate as at 31st December, 2009 and
 - ii. In case of Profit & Loss Account of the profit of the Body Corporate for the period ended on that date.

For S. V. PINGE & CO.
Chartered Accountants,

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 9, 2010

MAYBROOK INC. ANNEXURE TO THE AUDITORS' REPORT

OF EVEN DATE ON THE ACCOUNTS OF MAYBROOK INC.FOR THE PERIOD ENDED 31ST DECEMBER, 2009

[Referred to in paragraph 1 of the above Report]

1. In respect of fixed assets:
 - a) The Body Corporate has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the Body Corporate and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) The Body Corporate has not disposed off any of the fixed assets during the year.
2. In respect of inventories:
 - a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Body Corporate and the nature of its business.
 - c) On the basis of our examination of records of inventory, in our opinion, the Body Corporate has maintained proper records of inventory and discrepancies noticed on physical verification between the physical stocks and book records were not material in relation to the operations of the Body Corporate.
3. The Body Corporate has neither granted nor taken any loan or advance in the nature of loan (secured or unsecured) to/from any director, Body Corporate, company, firm or parties listed in the register required to be maintained under section 301 of the Indian Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Body Corporate and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. Further, on the basis of our examinations and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. According to the information and explanations given to us there are no transactions required to be recorded in the register maintained under Section 301 of the Indian Companies Act, 1956.
6. The Body Corporate has not accepted deposit from any sources within the meaning of "Acceptance of Deposit Rules 1975" under Indian Companies Act, 1956.
7. The Body Corporate has an internal audit system commensurate with its size and nature of its business.
8. Section 209(i)(d) of the Indian Companies Act, 1956, is not applicable to the Body Corporate.
9. According to information and explanations given to us, the Body Corporate is depositing with appropriate authorities undisputed statutory dues to the extent applicable to it. We have been informed that there is no undisputed statutory dues as at the year end which is outstanding for a period of six months from the date, the same became payable. According to information and explanations given to us, there are no disputed statutory dues which have not been deposited with respective authorities.
10. The Body Corporate does not have accumulated losses as at 31st December 2009 and has not incurred cash losses in the period ended on 31st December 2009.
11. The Body Corporate has not availed any facility from any bank or financial institutions and has not issued any debentures.
12. According to information and explanations given to us, the Body Corporate has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the provisions of any special statute as specified under Clause (xiii) of paragraph 4 of the Order are not applicable to the Body Corporate.
14. In our opinion and according to the information and explanations given to us, the Body Corporate is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of

MAYBROOK INC.
ANNEXURE TO THE AUDITORS' REPORT

- paragraph 4 of the Order are not applicable to the Body Corporate.
15. The Body Corporate has not given any guarantees for loans taken by others from banks or financial institutions.
 16. The Body Corporate has not availed any term loans during the year. Accordingly, the provisions of Clause (xvi) of paragraph 4 of the Order are not applicable to the Body Corporate.
 17. The Body Corporate has not raised any funds on a short term basis and accordingly, the provisions of Clause (xvii) of paragraph 4 of the Order are not applicable to the Body Corporate.
 18. The Body Corporate has not made any preferential issue of shares during the year.
 19. The Body Corporate has not issued any debentures and hence the provisions of Clause (xix) of paragraph 4 of the Order are not applicable to the Body Corporate.
 20. During the year covered by our audit, the Body Corporate has not raised any money by public issues.
 21. According to the information and explanations given to us, no fraud on or by the Body Corporate has been noticed or reported during the course of our audit.

For S. V. PINGE & CO.
Chartered Accountants,

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 9, 2010



BALANCE SHEET

AS AT 31ST DECEMBER, 2009 of MAYBROOK INC.

24th Annual Report
2009-2010

	<u>SCHEDULE</u>	<u>31ST DECEMBER, 2009 Rs</u>
SOURCES OF FUNDS		
Shareholders' Funds		
Capital	A	7,21,350
Reserves & Surplus	B	3,16,56,444
Foreign Currency Translation Reserve		(4,60,085)
Loan Funds		
Unsecured Loans	C	1,77,01,680
TOTAL		<u>4,96,19,389</u>
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	D	2,22,13,293
Less: Depreciation		31,63,736
		<u>1,90,49,557</u>
Deferred Tax Asset		4,46,102
Current Assets, Loans & Advances		
Inventories	E	1,73,31,565
Sundry Debtors	F	1,45,09,003
Cash & Bank Balances	G	15,37,613
Loans & Advances	H	29,96,333
		<u>3,63,74,514</u>
Less: Current Liabilities and Provisions		
Current Liabilities	I	55,40,041
Provisions	J	7,10,743
Net Current Assets		<u>3,01,23,730</u>
TOTAL		<u>4,96,19,389</u>
Notes to the Accounts	O	

Schedules 'A' to 'O' annexed hereto form part of these accounts

As per our Report attached

For S. V. PINGE & CO.
Chartered Accountants

For MAYBROOK, INC

S. V. PINGE
Proprietor
Membership No. 44276

G. RAMAKRISHNAN
Chairman

U. K. KAMAT
Director

Navi Mumbai
Date : June 9, 2010

Navi Mumbai
Date : June 9, 2010

MAYBROOK INC.

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2009

	SCHEDULE	31ST DECEMBER, 2009 Rs
INCOME		
Net Sales		4,35,44,884
Other Income	K	13,170
TOTAL		<u>4,35,58,054</u>
EXPENDITURE		
Material Cost & Inventory Adjustments	L	1,08,02,658
Personnel Costs	M	1,49,40,132
Other Manufacturing, Selling and Administrative Expenses	N	1,42,96,475
TOTAL		<u>4,00,39,265</u>
Profit Before Depreciation		35,18,789
Depreciation	D	12,65,032
Profit Before Tax		22,53,757
Provision for Taxation		
- Current Tax		7,25,141
- Deferred Tax Expense / (Income)		(2,70,002)
Net Profit for the year		17,98,618
Balance of Profit & Loss brought forward		2,98,57,826
Balance carried to Balance Sheet		<u>3,16,56,444</u>
Earning / (Loss) per share - Basic & Diluted		17,986.18
Notes to the Accounts	O	
Schedules 'A' to 'O' annexed hereto form part of these accounts		

As per our Report attached

For S. V. PINGE & CO.
Chartered Accountants

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
Date : June 9, 2010

For MAYBROOK, INC

G. RAMAKRISHNAN
Chairman

Navi Mumbai
Date : June 9, 2010

U. K. KAMAT
Director

MAYBROOK INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

31ST DECEMBER,
2009
Rs

A. CAPITAL :		
Issued, Subscribed & Paid-up :		
100 Equity Shares of no par value*		7,21,350
TOTAL		<u>7,21,350</u>
<i>*(Refer Note 2 of Schedule O)</i>		
B. RESERVES & SURPLUS:		
Profit & Loss Account :		
Balance of Profit as per Profit & Loss Account		3,16,56,444
TOTAL		<u>3,16,56,444</u>
C. UNSECURED LOANS :		
Loan from Others		1,77,01,680
TOTAL		<u>1,77,01,680</u>

D . FIXED ASSETS:

Particulars	Gross Block				Depreciation/ Amortisation					Net Block		
	As at 01.07.09 Rs.	Additions Rs.	Deletions Rs.	Adjustments* Rs.	As at 31.12.09 Rs.	As at 01.07.09 Rs.	Additions Rs.	Deletions Rs.	Adjustments* Rs.	As at 31.12.09 Rs.	As at 31.12.09 Rs.	As at 01.07.09 Rs.
1. Leasehold Improvements	2,23,21,861	-	-	(6,91,611)	2,16,30,250	18,85,067	12,05,566	-	(82,344)	30,08,289	1,86,21,961	2,04,36,794
2. Plant & Machinery	6,01,685	-	-	(18,642)	5,83,043	1,00,267	59,466	-	(4,286)	1,55,447	4,27,596	5,01,418
TOTAL	2,29,23,546	-	-	(7,10,253)	2,22,13,293	19,85,334	12,65,032	-	(86,630)	31,63,736	1,90,49,557	2,09,38,212

**Differences due to changes in the exchange rates*

MAYBROOK INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

31ST DECEMBER,
2009
Rs

E. INVENTORIES :	
Raw Materials	58,27,656
Finished Goods	<u>1,15,03,909</u>
TOTAL	<u>1,73,31,565</u>
F. SUNDRY DEBTORS :	
Debtors*	1,47,42,003
Allowance for doubtful debts	<u>(2,33,000)</u>
TOTAL	<u>1,45,09,003</u>
<i>(*Breakup of debts outstanding over six months is not available)</i>	
G. CASH AND BANK BALANCES :	
Cash on hand	419
Cash at Bank	<u>15,37,194</u>
TOTAL	<u>15,37,613</u>
H. LOANS AND ADVANCES :	
(Unsecured, considered good)	
Advances recoverable in cash or kind for value to be received	<u>29,96,333</u>
TOTAL	<u>29,96,333</u>
I. CURRENT LIABILITIES :	
Sundry Creditors and Expenses Payable	<u>55,40,041</u>
TOTAL	<u>55,40,041</u>
J. PROVISIONS :	
Provision for Taxation (Net of Payments)	<u>7,10,743</u>
TOTAL	<u>7,10,743</u>

MAYBROOK INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	31ST DECEMBER, 2009 <u>Rs</u>
K. OTHER INCOME :	
Miscellaneous Income	13,170
TOTAL	<u>13,170</u>
L. MATERIAL COST & INVENTORY ADJUSTMENTS :	
Raw Materials Consumed	1,17,77,646
	<u>1,17,77,646</u>
(Increase)/Decrease in Stock of Finished Goods & Work-in-process :	
Add: Opening Stock	
Finished Goods	1,05,28,921
Less: Closing Stock	
Finished Goods	1,15,03,909
Net (Increase)/Decrease	<u>(9,74,988)</u>
TOTAL	<u>1,08,02,658</u>
M. PERSONNEL COSTS :	
Salaries, Wages & Allowances	1,18,69,312
Contribution to Employee Benefit Funds	15,42,375
Workmen & Staff Welfare Expenses	15,28,445
TOTAL	<u>1,49,40,132</u>

MAYBROOK INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

31ST DECEMBER,
2009
Rs

**N. OTHER MANUFACTURING, SELLING AND
ADMINISTRATIVE EXPENSES :**

Consumable Chemicals & other Expenses	17,74,580
Repairs & Maintenance:	
- Plant & Machinery	11,20,279
- Others	2,34,297
Rent	31,44,322
Insurance	6,57,961
Travelling & Conveyance	3,91,572
Printing & Stationery	1,40,207
Freight & Forwarding	5,54,981
Subscription, Books & Periodicals	90,904
Postage & Telephones	1,05,310
Legal & Professional Fees	48,64,132
Advertising Expenses	82,013
Exhibitions & Seminar Expenses	35,563
Miscellaneous Expenses	11,00,354

TOTAL

1,42,96,475

MAYBROOK INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE O

NOTES TO THE ACCOUNTS

1. Accounting policies adopted in preparation of financial statements:

a) Basis for preparation of accounts :

The accounts have been prepared in accordance with the historical cost convention.

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.

c) Fixed Assets:

Fixed Assets are stated at cost less depreciation.

d) Depreciation on Fixed Assets :

Depreciation is provided over the useful life of the assets using straight line method. Leasehold improvements are amortised over the shorter of the lease term or the estimated useful lives of the assets. Assets are depreciated over the following useful lives.

Leasehold improvements	10 years
Plant & Machinery	7 years

e) Inventory

Inventories are stated at lower of cost or net realisable value.

f) Investments

Investments being long term are stated at cost.

g) Income Taxes

Deferred income taxes are recognised for the tax consequences of temporary differences by applying enacted statutory tax rate applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes result primarily from temporary differences related to accumulated depreciation, accounts receivable and inventory.

h) Translation of accounts from the currency of country of it's incorporation USD to INR:

- Equity capital and pre acquisition reserves are recognised in the accounts at the exchange rate prevailing on the date of acquisition / issue.
- Investments are translated at the rates prevailing on the date on which investments were made.
- All other monetary and non-monetary assets and liabilities have been translated at the rates on the balance sheet date
- Income and expenses have been translated at the average rate for the period.

2. All the issued shares are held by Tri-K Industries, Inc and are ultimately held by Galaxy Surfactants Limited, India.

3. The Company has entered into long term lease agreements for the use of office and warehouse space. Following is the schedule of future minimum lease payments under these non-cancellable operating leases.

Year ending	Dec 31, 2010	Rs. 60,58,000
	2011	Rs. 62,44,400
	2012	Rs. 65,24,000
	2013	Rs. 30,75,600

MAYBROOK INC.
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

4. Quantitative Information

(Quantitative information is provided to the extent available)

Net Sales Turnover:

Product Group	Period ended Dec 31, 2009	
	Qty. (MT)	Rupees
Proteins	97	4,35,44,884
Total	97	4,35,44,884

Finished Goods:

Product Group	As at Dec 31, 2009	
	Qty. MT	Rupees
Proteins	84	1,15,03,909
Total	84	1,15,03,909

5. Related party transactions:

Names of the related parties and nature of relationship:

Ultimate Holding Company

Galaxy Surfactants Limited, India

Holding Company

Tri-K Industries Inc., USA

Subsidiaries of Ultimate Holding Company

Galaxy Holdings (Mauritius) Ltd., Mauritius

Galaxy Chemicals Inc., USA

Rainbow Holdings GmbH, Germany

OTC GmbH, Germany

Galaxy Chemicals (Egypt) S.A.E., Egypt

Particulars

**2009
Rs.**

Transactions during the period

Management Fees paid to Tri-K Industries Inc.

47,54,495

Sales to OTC GmbH

19,50,255

Balance as at 31 Dec, 2009

Loan payable to Tri-K Industries, Inc.

1,77,01,680

Receivable from OTC GmbH

19,11,532

As per our Report attached

For S. V. PINGE & CO.

Chartered Accountants

S. V. PINGE

Proprietor

Membership No. 44276

Navi Mumbai

Date : June 9, 2010

For and on behalf of the Board

G. RAMAKRISHNAN

Director

Navi Mumbai

Date: June 9, 2010

U. K. KAMAT

Director



GALAXY SURFACTANTS LIMITED

Registered Office : C-49/2, TTC Industrial Area, Pawne, Navi Mumbai-400 703.

ATTENDANCE SLIP

I hereby record my presence at the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the Company at the Registered Office of the Company at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai 400 703 at **3.00 p.m.** on **Saturday, the 24th July, 2010.**

Name : _____

Signature of the Attending

Folio No. / DP client ID: _____

Shareholder/Proxy

NOTES :

No. of Shares Held : _____

- (1) Shareholder/Proxyholder desiring to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
- (2) Shareholder/Proxyholder desiring to attend the meeting should bring his copy of the notice for reference at the meeting.

(cut here)

GALAXY SURFACTANTS LIMITED

Registered Office : C-49/2, TTC Industrial Area, Pawne, Navi Mumbai-400 703.

PROXY FORM

I/We _____ of _____ in the district of _____ being a Shareholder / Shareholders of the above-named company, hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of, _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the

TWENTY FOURTH Annual General Meeting of the Company, to be held at the Registered Office of the Company at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai-400 703 at **3.00 p.m.** on **Saturday, the 24th July, 2010** and at any adjournment thereof.

Signed this _____ day of _____ 2010.

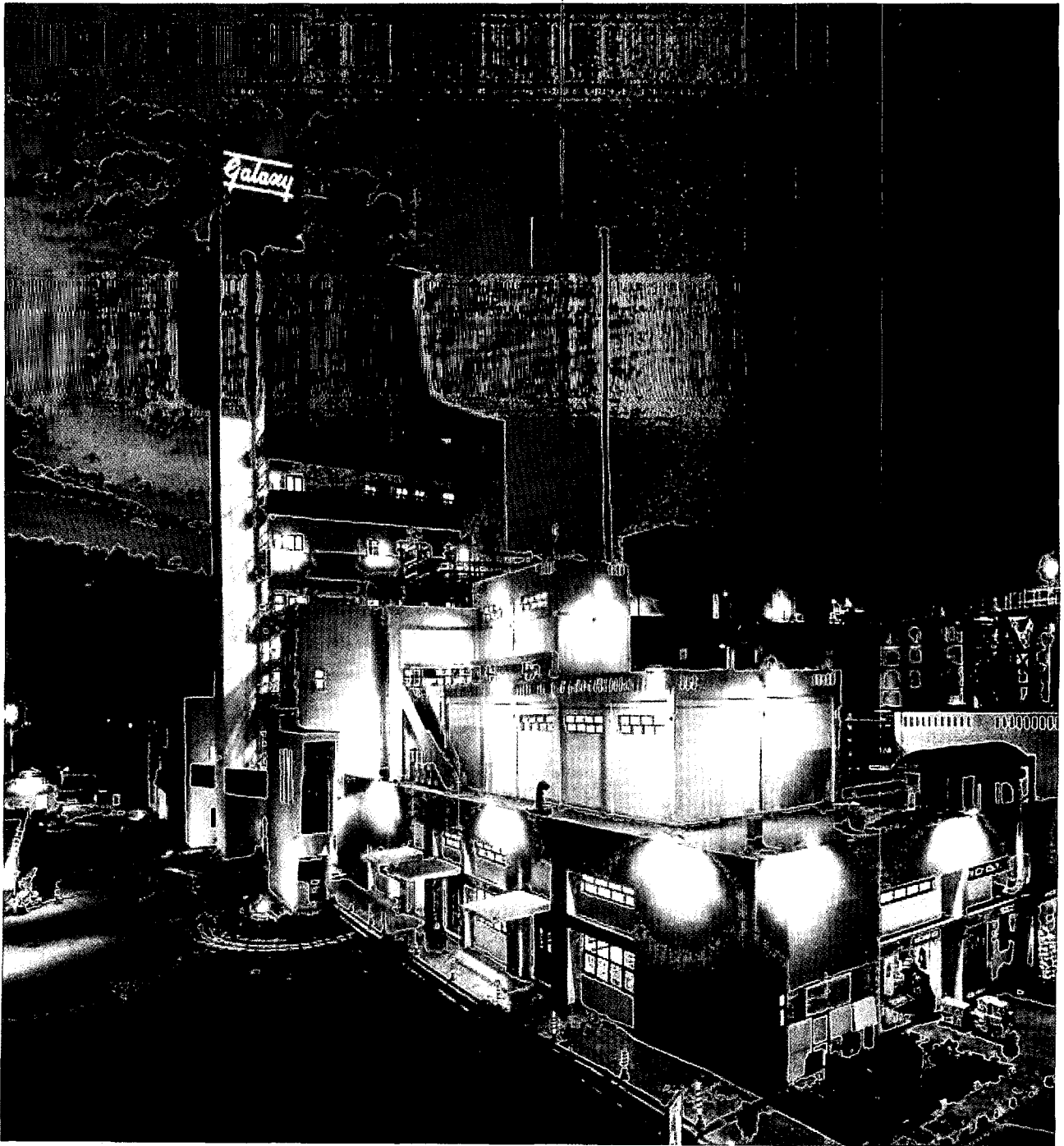


Regd. Folio no. / D P client ID

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[Signature of Member(s)]

NOTE : The Proxy form must be returned so as to reach the Registered Office of the Company at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai - 400 703 not later than **FORTY-EIGHT HOURS** before the time for holding the aforesaid meeting.



Our Export Oriented Unit at Taloja



Galaxy Surfactants Ltd.

Corporate Office:

C - 49 / 2, TTC Industrial Area, Pawne, Navi Mumbai - 400 703, India.
Ph: +91 - 22 - 65134444 / 27616666 Fax: +91 - 22 - 27615883 / 27615886
Email: galaxy@galaxysurfactants.com Website: www.galaxysurfactants.com