

Global Supplier to Global Brands



Galaxy Surfactants Ltd.

25th Annual Report, 2010-2011

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

P. D. Kunte & 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

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

Contact

Visit Galaxy at
Send E-mail to
Call us at

www.galaxysurfactants.com
galaxy@galaxysurfactants.com
91-22-2761 6666, 91-22-6513 4444



CORPORATE INFORMATION (Contd..)

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 FIFTH ANNUAL GENERAL MEETING

Day : Friday, 9th September, 2011
 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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FINANCIAL PERFORMANCE

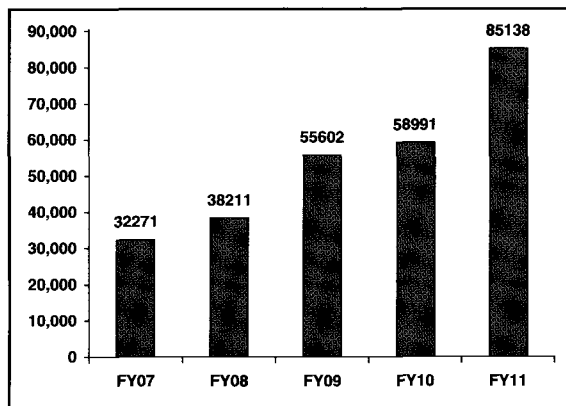
5 year track record

(Rs. in Lakhs)

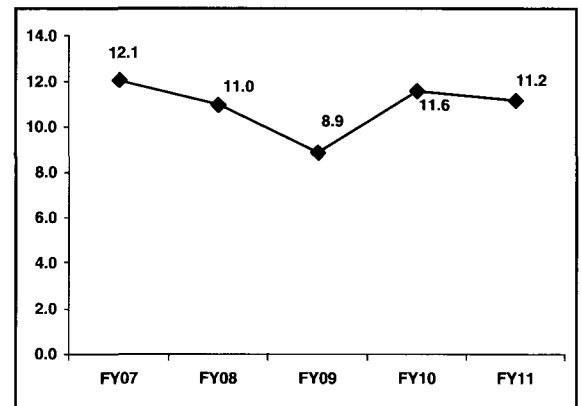
	FY11	FY10	FY09	FY08	FY07
Profit & Loss Account					
Sales	85138	58991	55602	38211	32271
Other Income	287	303	341	461	104
PBDIT	11700	8574	6400	5402	5009
PBIT	9521	6849	4931	4201	3903
Interest	1949	1247	1726	837	710
Profit Before Taxation	7572	5602	3205	3364	3193
Profit After Taxation	6152	4036	2672	2640	2524
Basic Earning Per Share of Rs.10 #	34.70	23.56	15.60	15.41	14.74
Dividend Per Share of Rs.10 #	5.00	4.00	2.50	2.50	2.50
Balance Sheet					
Fixed Assets	22975	19935	15584	12545	11175
Investments	6527	4286	50	49	49
Foreign Currency Monetary Item					
Translation Difference Account			19		
Net Current Assets	14186	9011	10305	8113	6843
	43688	33232	25958	20707	18067
Equity Capital	1773	1773	856	856	856
Reserves & Surplus	18475	13503	10536	8336	6229
Loan Funds	21728	16135	12951	9966	9481
Deferred Tax Liability	1712	1821	1615	1549	1501
	43688	33232	25958	20707	18067
# Adjusted for bonus issue in FY10					
PBIT as % of Sales	11.2	11.6	8.9	11.0	12.1
Fixed Assets Turnover (No.of times)	3.7	3.0	3.6	3.0	2.9
PAT/ Sales (%)	7.2	6.8	4.8	6.9	7.8
Return on Capital Employed (%)	24.8	23.1	21.0	21.7	22.0
Return on Net Worth (%)	34.6	30.3	26.0	32.4	41.7

PERFORMANCE TRENDS

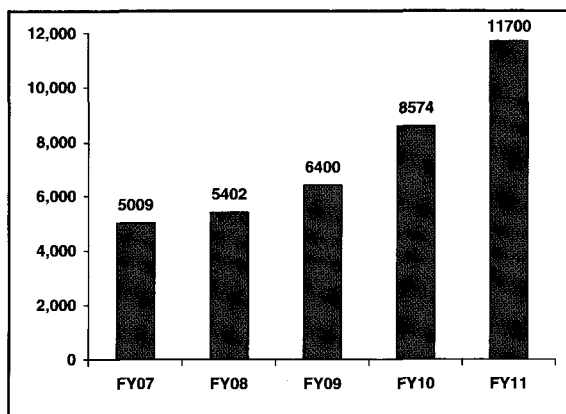
Sales (Rs. Lakhs)



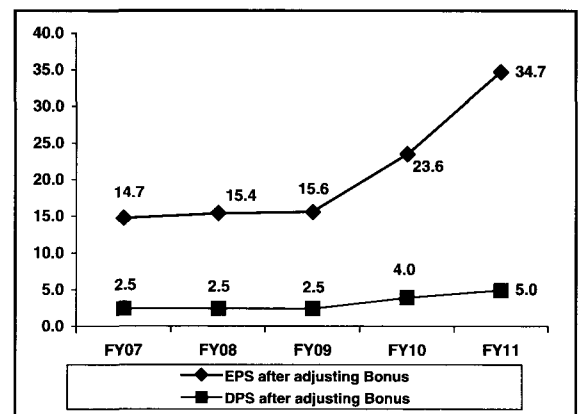
PBIT as % of Sales



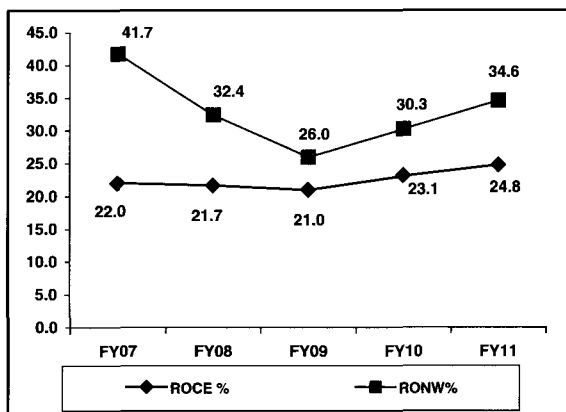
PBDIT (Rs. Lakhs)



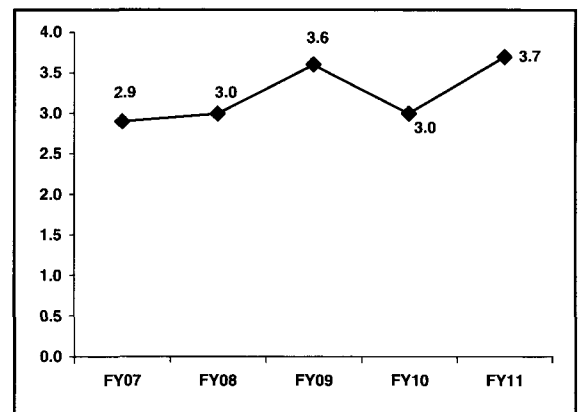
Basic Earning & Dividend Per Share (Rs.)



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



Fixed Assets Turnover (No. of times)



NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of Galaxy Surfactants Limited will be held on Friday, the 9th day of September 2011 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, 2011, 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. Venkatesh Kasturirangan, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sudhir D Patil, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Subodh S Nadkarni, who retires from office by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s P. D. Kunte & Co., Chartered Accountants (Registration No.105479W), the retiring Auditors who are eligible for re-appointment, as Statutory Auditors, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors of the company to fix their remuneration.

SPECIAL BUSINESS

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

- (a) To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special 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 (4) and 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, 2011 and ending with 31st March, 2014 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."

- (b) To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution** "RESOLVED THAT the resolutions for payment of commission to the Non- Executive Directors passed at the Annual General Meetings held on 29th June, 2007 and on 24th July, 2010 be and are hereby approved and ratified as Special Resolutions and the said commissions be and are hereby determined to be paid for the respective years for which those resolutions were passed and those resolutions be and are hereby now considered as Special Resolutions for all purpose intends.

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."

8. **Borrowing Powers**

To Consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**: "RESOLVED THAT pursuant to section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, at any time or from time to time, to borrow monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of monies so borrowed by the Board shall not at all time exceed the limit of Rs. 1,000 Crores (**Rupees One thousand crores**).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and sub delegate its powers to Committee of Directors and/ or Director and also to finalise and execute all such documents, deeds and writings, if any, as may be necessary, desirable or expedient as it may deem fit."

9. **Creation of Charges**

To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**: "RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation of such mortgages, charges and hypothecations in additions to the existing mortgages, charges and hypothecations created by the Company in such a form and manner as the Board of Directors may approve on such of the Company's movable and immovable Properties, both present and future, and in such manner as the Board may feel expedient together with powers to take over the management and concern of the Company in certain events, in favour of Financial Institutions/ Banks and other Financing Agencies to secure term loans(long term/ short term) and working capital loans of an amount not exceeding Rs.1,000 crores (**Rupees One thousand crores**) together with an interest thereon in respect of loans/ borrowings contracted/ to be contracted by the Company or arrangements entered into / to be entered into by the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and also finalise and execute such documents and writings, if any as may be necessary as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and sub delegate its powers to Committee of Directors and/ or Director and also to finalise the terms and conditions of the above-mentioned loans/ borrowings and the documents for creating the aforesaid mortgages, charges and hypothecations."

10. **Appointment and Remuneration of Mr. V. Kasturirangan, the Director of the Company as 'Business Advisor' by Subsidiary Company – Tri-K Industries Inc USA.**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to the provisions of the Sections 314 and other applicable provisions of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force, and subject to such other approvals as may be necessary, the approval of the shareholders is hereby accorded to the appointment of Mr. V. Kasturirangan, the Director of this Company, as "Business Advisor" by its subsidiary Company, Tri-K Industries Inc., USA for a period of 5 years with effect from 1st July 2011 on the remuneration as set out in the Explanatory Statement. RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all steps as may be necessary, proper or expedient to give effect to this resolution and to alter, revise, modify, vary such terms and conditions subject to the limits stipulated in the Explanatory Statement during the tenure of the present appointment of Mr. V. Kasturirangan as "Business Advisor" to Tri-K Industries Inc. USA, including remuneration payable to him, without further approval of the shareholders of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration etc."

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

By order of the Board,
For Galaxy Surfactants Limited,

Date: 8th July, 2011

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 **26th August, 2011 to 9th September, 2011** (both days inclusive) for the purpose of determining entitlement for the payment of dividend for the year ended 31st March, 2011, if declared by the Company.
3. The dividend for the year ended 31st March, 2011, 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 2002-03 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 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 may claim the unclaimed dividend directly from the Company. For the information of shareholders, the Dividend declared for the year ended 2003-04 is due to be transferred to Investor Education and Protection Fund during September, 2011.
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, 2596 3857, 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@galaxysurfactants.com.
7. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in Physical form are requested to advice any change of address immediately to the Company/ Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd.
8. Members are requested to dematerialise the shares held by them in the Company. The ISIN number is INE600K01018.
9. Members are requested to bring their copies of the Annual Report at the meeting.
10. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection 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.
11. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

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: 8th July 2011

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

Item No. 7 (a) & 7 (b)

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 2011 to 31st March 2014.

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 (4) and 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 Special Resolution under section 309 and other related provisions of the Companies Act, 1956.

Your Board also seeks the consent of the shareholders to approve and ratify the resolutions passed by the members at their meeting held on 29th June, 2007 and on 24th July, 2010 for payment of such commission to Non-Executive Directors be considered as Special Resolutions from the respective dates they were passed by the members and commissions paid there under be regarded as duly paid for the respective years in which such payments were done.

The Board of Directors recommends the proposed resolution 7 (a) & 7 (b) for approval of shareholders as Special Resolution.

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.

Item No. 8 & 9

By a resolution passed at the Twenty Third Annual General Meeting held on 18th July, 2009, consent was accorded to the Board of Directors of the Company for borrowing from time to time all such sums of money as it may deem necessary, even if it is in excess of the aggregate of the paid up capital and free reserves of the Company, provided the total amount does not exceed Rupees Five Hundred Crores (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business).

Consequent to increase in volume of business activities as well as keeping in mind the future requirement of funds, the Company's total borrowings may exceed the aforesaid limit. In view of the above, the present borrowing limit of Rupees Five Hundred Crores may be inadequate. The consent of the Company in General Meeting under Section 293 (1) (d) of the Companies Act, 1956 is therefore being sought for increasing borrowing limit up to a maximum limit of Rupees One Thousand Crores.

Further, in order to meet the requirements of funds for financing of capital expenditure/working capital requirements and/or general corporate needs, the Company has to raise funds and/or borrow from time to time in future, the moneys from Financial Institutions, Banks, Investment Institutions, Mutual Funds, Bodies Corporate, Foreign Financial Institutions/Banks, Individuals and/or other Financing Agencies by way of term loans, both in rupee and foreign currency and/or Debentures, which are normally secured by a mortgage/charge /hypothecations over the movable and immovable properties of one or more units of the Company.

As the documents to be executed for creation of such mortgage/ charge/hypothecations from time to time to secure such borrowings, may contain the power to take over the management of the Company in certain events, it is necessary

for the shareholders to pass a resolution under Section 293 (1) (a) of the Companies Act, 1956 for creation of mortgage/ charge/ hypothecations as set out in this resolution.

Hence, the Board of Directors recommends the resolution to the shareholders for their approval. None of the Directors of the Company may be deemed to be concerned or interested in the said resolution.

Item No. 10

Mr. V. Kasturirangan has been associated with your Company from October 2004 as Non-Executive Director on its Board.

Mr. V. Kasturirangan is a B. Tech (Hons) in Chemical Engineering from IIT Mumbai and MBA from IIM Ahmedabad. He possesses extensive management experience with multinational corporations in Personal & Home Care industry in the areas of marketing, sales and strategy across multiple geographies. His expertise lies in building market presence, launching major organizational initiatives, managing large-scale integrations, turnaround strategies and sound business judgment in implementing strategies to improve organizational performance.

The Company also has benefited from his experience in putting through the recent acquisition of Tri-K Industries Inc., USA.

The Board of Directors of Tri-K Industries Inc., USA acknowledges that the company has benefited from the knowledge and expertise of Mr. V. Kasturirangan since its acquisition on 1st July, 2009 and has reviewed and revised his terms of appointment as a Business Advisor with effect from 1st July, 2011.

The revised principal terms of appointment and remuneration of Mr. V. Kasturirangan in Tri-K Industries Inc. USA are as follows:

1. The period of appointment - 5 years with effect from 1st July, 2011.
2. Remuneration of USD 11,000 per month.
3. In addition to the above remuneration, Mr. V. Kasturirangan shall be entitled to the commission up to 5% of profits before tax of Tri-K Industries Inc. as may determined by the Board of Directors of Tri-K industries Inc. in accordance with the applicable Generally Accepted Accounting Principles.
4. Reimbursement of out-of-pocket expenses, on actual basis, incurred wholly and exclusively for the business of Tri-K Industries Inc. USA.

The remuneration payable as above is for professional services of business advisory nature and hence falls outside the purview of the limits prescribed for managerial remuneration under section 309 of the Companies Act, 1956. It is also clarified that this remuneration is over & above the commission payable to Mr. V. Kasturirangan as a Non Executive Director on the Board of Galaxy Surfactants Ltd approved by the members vide their Resolution dated 24th July, 2010.

The appointment and remuneration of Mr. V. Kasturirangan payable by Tri-K Industries Inc. USA requires the approval of shareholders by way of Special Resolution under section 314 of the Companies Act, 1956.

Except Mr. V. Kasturirangan, no other director is interested in the proposed Resolution.

The copy of the letter of appointment of Mr. V. Kasturirangan as Business Advisor by Tri-K Industries Inc., USA is available for inspection of the shareholders. Please refer to the Notes under the accompanying Notice.

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 : 8th July, 2011

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have great pleasure in presenting the Twenty Fifth Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2011

FINANCIAL RESULTS

Particulars	Rs. in lakhs			
	Stand Alone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Net Sales :				
Domestic	39767.92	27262.05	39767.92	27262.05
Exports*	45370.18	31729.30	52974.21	37163.70
Total Net Sales	85138.10	58991.35	92742.13	64425.75
Profit Before Interest & Depreciation	11700.33	8573.76	12326.62	8268.43
Less : Interest & Finance Charges	1949.14	1247.30	1949.14	1247.30
Less : Depreciation	2179.25	1724.06	2258.45	1785.22
Profit for the year Before Tax	7571.94	5602.40	8119.03	5235.91
Less : Provision for Taxation				
- Current	1518.90	1363.40	1768.33	1437.08
- Deferred	(109.31)	206.13	(129.11)	196.57
- Prior Year Tax Adjustment	10.22	(2.83)	10.33	(2.50)
Net Profit after Tax	6152.13	4035.70	6469.48	3604.76
Add/(Less): Minority Interest Adjustment	-	-	-	184.89
Net Profit for the year	6152.13	4035.70	6469.48	3789.65
Add: Opening Balance in Profit & Loss Account	10622.92	7803.27	10393.29	7819.69
Amount available for appropriations	16775.05	11838.97	16862.77	11609.34
Appropriations				
Transfer to General Reserve	616.00	404.00	616.00	404.00
Interim Dividend Paid on Equity Shares	620.46	428.18	620.46	428.18
Proposed Final Dividend on Equity Shares	265.91	265.91	265.91	265.91
Corporate Dividend Tax paid on Interim Dividend	103.05	72.77	103.05	72.77
Provision for Corporate Dividend Tax on Final Dividend	43.14	45.19	43.14	45.19
Surplus carried to Balance Sheet	15126.49	10622.92	15214.21	10393.29

*includes deemed exports

INITIAL PUBLIC OFFER (IPO)

During the year, your Company made an Initial Public Offer of 59,30,000 equity shares to the Public being the minimum number of shares that need to be offered under the SEBI (ICDR) Regulations to secure listing of the shares for trading in the secondary markets. The offer opened on 13th May, 2011 and was scheduled to close on 19th May, 2011.

Despite the Public Offer receiving a high IPO grading of 4/5 from an independent agency like CRISIL and commitment from Anchor Investors, the response to the Offer was not encouraging due to unfavourable market developments, particularly in the primary market. Therefore, your Company took the decision to withdraw the Offer on 18th May, 2011 and initiated the refund process. Your Company felt that it was an appropriate decision in the interest of the existing shareholders as well as the potential new investors.

The withdrawal of the Public Offer will not affect the ongoing expansions, as your Company has tied up project funds with International Finance Corporation and Banks. Furthermore, the Company's present financial status will enable it to fulfill the future requirements of funds as and when the business opportunities arise.

DIVIDEND

Your Company has paid an interim dividend of 35% i.e. Rs 3.50 per share in December 2010 (previous year 25% i.e. Rs 2.50 per share). Including the dividend distribution tax, the total pay out for interim dividend is Rs 7,23,50,850/-.

Based on the Company's performance, the Directors are pleased to recommend for the approval of the members a final dividend of 15% i.e., Rs 1.50 per share taking the total dividend for the year 2010-11 to 50% i.e. Rs 5.00 per share (previous year 40% i.e. Rs. 4.00 per share). Including the dividend distribution tax, the total pay out for final dividend is Rs.3,09,04,799/-.

The total dividend pay out for the year including the proposed final dividend will absorb Rs 10,32,55,649/- including dividend distribution tax of Rs.1,46,18,769/-

BUSINESS & FINANCIAL PERFORMANCE

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

Measure / Year	Stand Alone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Net Sales Growth (%)	44.32	6.10	43.95	15.87
PBDIT (% to Net Sales)	13.74	14.53	13.29	12.83
PBIT (% to Net Sales)	11.18	11.61	10.86	10.06
PBT (% to Net Sales)	8.89	9.50	8.75	8.13
PAT (% to Net Sales)	7.23	6.84	6.98	5.88
ROCE (%)	24.76	23.14	24.96	21.97
Return on Net Worth (%)	34.64	30.27	36.61	28.61
Debt : Equity Ratio	1.07	1.06	1.27	1.07
Net Current Assets (% to Sales)	16.66	15.27	17.56	17.14
Earning Per Share (Rs.)	34.70	23.56	36.49	22.12
Cash Earning Per Share (Rs.)	46.38	34.83	48.51	33.69
Book Value Per Share (Rs.)	114.21	86.17	114.31	85.04

BUSINESS PERFORMANCE

During the year, the global markets showed a mixed scenario. The developed economies continued to struggle to stabilize and stimulate the economic growth indicators in their respective economies through quantitative easing and fiscal support. The emerging economies continued to show good growth.

The state of sovereign finance and the monetary policies followed by the developed economies had a bearing on the international financial and commodity markets. The gush of international liquidity released through quantitative easing has started generating inflationary pressures and volatility in the commodity and currency markets of the world. This called for navigation of business through uncertain markets.

Your Company is in the Personal and Home Care Ingredients Space, which caters to the daily consumption needs of the people and offers a stable business model. The strong business that your Company enjoys in the emerging markets together with the manufacturing locations adds acceleration to the growth momentum.

The following highlights are noteworthy:

- Sales during 2010-11 registered a growth of 44.32% over previous year on a stand alone basis, comprising of 21.95% volume growth and 22.37% price growth. The price growth was predominant in the second half reflecting a rise in the feed stock prices.
- The Profit before Tax on stand alone and consolidated basis, at Rs. 7572 lakhs and Rs. 8119 lakhs respectively,

grew better than the volume growth reflecting improvement in product, customer and geography mix of incremental business growth.

- Tri-K Industries Inc., USA, a wholly owned operating subsidiary, completed the first full year of operations, post its acquisition on 1st July, 2009. This subsidiary is engaged in manufacturing of proteins and distribution of high end specialty personal care ingredients. During the year:
 - a) The integration of the subsidiary for its business, people and operations was complete and heartening.
 - b) We have started to draw on the customer, product and market synergies between the parent and the subsidiary.
 - c) The full year consolidated sales (including Maybrook Inc, a wholly owned subsidiary of Tri-K Industries Inc) were USD 19.85 million (Rs.9045 lakhs) with a Profit before Tax of USD 1.40 million (Rs.637 lakhs) and Profit after Tax of USD 0.90 million (Rs. 409 lakhs).
- The investments of about USD 25 million in Phase I of Egypt Project and Rs. 7000 lakhs in Jhagadia, Gujarat, India, which would start commercial production in the second half of the ensuing year 2011-12 would set the stage for sustaining the momentum of growth by providing opportunity for:
 - a) Enhancing the participation in the emerging markets of Africa, Middle East and Asia Pacific by reaching out to the regional and local customers in these markets.
 - b) Access the newer geographies of Latin America, North America and Europe, given the reduced transit times and enhanced supply assurance.
 - c) Exploiting synergies from customer acquisitions and widening the product offerings from the existing broad product basket which can cater to a whole range of customer requirement for the Personal and Home Care Industry.
- Pursuing the Consumer to Chemistry approach, your Company has made significant investments in infrastructure and building organizational competencies to increase the space of its market participation in the Personal and Home Care Ingredients Industry. The new ingredients and formulations in the pipeline, when rolled out, should enable your Company leverage its customer relationships with offerings of these new ingredients and would call for further investments to put production facilities for their manufacture.
- Your Company has incurred an expenditure of Rs. 619 lakhs on REACH registration for gaining enhanced access to the European Union markets, where it is applicable. The entire expenditure has been charged to the revenue of the current year.
- Your Company is investing in enhancing the manufacturing facilities to cGMP standards for some ingredients to increase the size of the market opportunity and improve the business mix.

FINANCIAL PERFORMANCE

Despite the volatile conditions in the global commodity and currency markets, the business and trade structures followed by your Company has enabled it to navigate the same and improve upon the profitability.

The following highlights are noteworthy:

- The return on average capital employed (ROCE) on stand alone basis has improved to 24.76 % for the year from 23.14 % in the previous year. On a consolidated basis, the ROCE is 24.96% for the reporting year.
- During the year 2010-11, the Company has arranged project funds from International Financial Corporation Washington of USD 12 million for its Egypt Project.
- The funding for the current projects under implementation i.e. Phase I at Egypt involving a project cost of USD 25 million and at Jhagadia of Rs. 7000 lakhs has been fully tied up.
- The increase in feed stock prices in the last quarter of the financial year has increased the amount locked up in the Net Current Assets of the Company as at the year end.
- The interest outgo has increased during the year on account of term loans for projects, hedging costs of ECB and higher funding needs of net current assets.
- 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, which enables your Company to reduce the cost of borrowing.

SALES GROWTH & COMPOSITION

- The sales growth is high on account of increase in feed stock prices. The growth attributable to growth in selling prices is about 22.37%.

- On consolidation, the share of international sales increases from 53.3% to 57.1% on account of the sales of US subsidiary company getting aggregated.
- The major green-field expansions which would go into operations in the second half of the financial year 2011-12 will enhance the revenue growth prospects in the coming years.
- It has been your Company's endeavour to grow at a rate higher than the domestic growth by seeking to participate in the growth of the other emerging markets and increasing the range of its offerings in the Personal and Home Care Ingredients Space.

Domestic Sales

In spite of volatile market conditions, India business grew very well. This was on account of good product and customer mix. We have retained our significant market share in key product lines. During the year, our domestic sales has shown a growth of 45.9% over previous year.

Moving ahead, in 2011-12 we are optimistic of maintaining our leadership position in the market. We have embarked on expanding our specialty chemicals product portfolio in the coming year.

International Sales

Your Company has recorded a growth of 43.0% in International Business, acquired new customers and laid the foundation for immediate capacity utilization of Egypt Plant, which will be operational during the second half of 2011-12.

Your Company has scheduled launches of new Specialty Chemicals in the international market.

HUMAN RESOURCES

We firmly believe that the sustained business differentiator would be people competency and their passionate engagement.

To keep pace with accelerated growth trajectory, your Company is focusing on nurturing and developing talent pool, succession planning and competency building to sustain growth.

QUALITY

Your Company firmly believes that quality is all pervasive and is present in everything we do. Hence, continuous improvement programmes are built into the annual business and operating plans to sustain inherent efficiency and competitiveness in value delivery to the stake holders and the society.

Benchmarking is being pursued in all endeavours to improve efficacy in use of the resources and accomplish the deliverables.

During the year, your Company participated in "The Economic Times India Manufacturing Excellence Awards 2010" held in partnership with Frost & Sullivan and was awarded "Gold Award" in "Process Sector" category for its Taloja site.

SAFETY, HEALTH & ENVIRONMENT (SHE)

Your Company continues to strengthen its efforts in capability building through DuPont Safety practices and progress towards sustainable development with new initiatives.

Your Company continues to look for new opportunities to enhance health and safety training and awareness for employees and contractors.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company continues with the themes of Educare, Healthcare and Sociocare for its CSR activities with increased focus during the year.

FIXED DEPOSITS

Your Company's fixed deposits are Rs.2392.45 Lakhs with 846 fixed deposit holders at the end of the year under review as against Rs.2031.80 Lakhs last year. There are no overdue deposits as at 31st March, 2011.

SUBSIDIARY COMPANIES

During the year 2010-11, the Company continues to have six wholly owned subsidiaries within the definition of 'subsidiary company' under the Companies Act, 1956. There has been no addition or deletion.

The Ministry of Corporate Affairs, Government of India vide General Circular No. 2/2011 bearing reference no. 5/12/2007-CL-III dated 8th February 2011 has issued a direction under section 212 (8) of the Companies Act, 1956 whereby a general exemption has been extended from taking prior approval from the Central Government for not publishing audited accounts of each of its subsidiary company in the annual report, subject to certain conditions being complied with.

In compliance with the conditions in this circular:

- a) Your Board of Directors at its meeting held on 28th May, 2011 has passed a resolution consenting to avail such exemption and present in the annual report the consolidated financial statements of your Company and all its subsidiaries duly audited by its statutory auditors.
- b) The consolidated financial statements have been prepared in strict compliance with the applicable Accounting Standards.
- c) Annual Accounts of the subsidiary companies and related detailed information will be made available to the shareholders of the Company and its subsidiary companies seeking such information at any point of time. The Annual Accounts of the subsidiary companies are available for inspection by any shareholder in the corporate office of the holding company and of the subsidiary companies concerned. The Company will furnish details of accounts of subsidiaries to any shareholder on demand.
- d) Your Company has given the Indian Rupee equivalent of the figures in foreign currency appearing in the accounts of the subsidiary companies and the exchange rates applied as on closing day of the financial year.
- e) Your Company in the consolidated balance sheet has provided information in aggregate for each subsidiary including subsidiary of subsidiaries on matters covering (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investments (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend.

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

During the year under review, following Directors on the Board of your Company are liable to retire by rotation:

- Mr. V. Kasturirangan
- Mr. Sudhir Patil
- Mr. Subodh Nadkarni

The retiring Directors offer themselves for re-appointment.

The Company has benefited from the experience of Mr. V. Kasturirangan in guiding and integrating the recent acquisition of Tri-K Industries Inc., USA. The acquisition has been profitable and would synergize the business opportunities for the benefit of both the Companies.

Acknowledging his contributions, the Board of Directors of Tri-K Industries Inc., USA has reviewed and revised his terms of appointment as Business Advisor with effect from 1st July, 2011. The revised terms have been placed before the members as Special Business for their approval.

Your Company has proposed Special Resolution seeking your approval for payment of commission to the Non-Executive Directors for a period of 3 years, with effect from 1st April, 2011. 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 the Non-Executive Directors.

Your Company has further proposed that the resolutions passed by the members at their meeting held on 29th June, 2007 and on 24th July, 2010 for payment of commission to the Non-Executive Directors be approved as Special Resolutions from the respective dates they were passed by the members and commissions paid there under be regarded as duly paid for the respective years in which such payments were made.

AUDITORS

M/s. P. D. Kunte & Co (Regd.), Chartered Accountants, the Statutory Auditors of your Company hold office until the conclusion of ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B), of the Companies Act, 1956.

Your Board recommends their re-appointment.

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, 2011 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 Government.

For and on behalf of the Board

Mumbai
July 8, 2011

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:

- Horizontal deployment of processes and methods established in energy conservation arena in new projects at Suez and Jhagadia. These include utilising the heat of reaction for generating steam or heating requirements, use of VFD based pumping systems, exploiting natural light for ventilation in process areas, use of LED lightings.
- Value Engineering through further debottlenecking of existing capacities.
- Reduction of waste and generation of value through innovative engineering.
- Water conservation is taken up at all facilities of your Company. Eliminating water wastage through effective utilization and recycling water has been a key theme adopted this year.

Disclosures of particulars with respect to conservation of energy:

Power and Fuel Consumption

(I) ELECTRICITY

a) Purchased:

	<u>2010-11</u>	<u>2009-10</u>
Units in 1000 KWH	15768	10669
Total amount (Rs. in Lakhs)	944.71	601.58
Rate/KWH (Rs.)	5.99	5.64

b) Own Generation (through Diesel Generator) :

Units in 1000 KWH	10570	9446
Total amount (Rs. in Lakhs)	759.98	567.89
Rate/KWH (Rs.)	7.19	6.01

(II) FUEL

a) Light Diesel Oil

Quantity in KL	1078	865
Total Cost (Rs. in Lakhs)	474.33	318.38
Rate/KL (Rs.)	43996	36796

b) Furnace Oil

Quantity in KL	565	596
Total Cost (Rs. in Lakhs)	158.60	143.37
Rate/KL (Rs.)	28088	24065

c) Coal

Quantity in MT	3909	4472
Total Cost (Rs. in Lakhs)	229.21	256.92
Rate/MT (Rs.)	5864	5746

(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 high performing ingredients and blends/chassis for the Personal and Home Care industry using eco friendly and sustainable process in an innovative way.
- Conduct efficacy testing of Company's products to establish performance and functionality and communicate

the benefits to the customer with substantiation.

- Transfer technology to commercial scale through process optimization studies in the pilot plant with minimum amount of waste generation.
- Strive for excellence in surfactant science and technology through understanding of structure-property relationships.

Achievements:

- Developed commercial technology for surfactant blend concentrate for personal and body care applications with validation of its mildness benefits.

Particulars	(Rs. in Lakhs)	
	2010-11	2009-10
Expenditure on R & D	410.65	394.40

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	(Rs. in Lakhs)	
	2010-11	2009-10
Total Foreign Exchange used and earned:		
a) <u>Expenditure incurred in Foreign Currency:</u>		
Raw Material & Packing Material (C.I.F. Value)	22361.48	11653.46
Traded Goods	222.80	227.79
Capital Goods	255.09	672.51
Spares & others	41.24	175.32
Foreign Travel	55.99	59.26
Exports Commission	39.88	320.35
Professional Fees	49.23	94.90
Exhibitions, Subscription & Membership, Training and Seminar	79.25	37.06
Interest & Processing Charges on Borrowings	44.19	104.72
Advances, no longer recoverable	-	407.55
REACH Registration Expenses	572.19	-
Others	169.61	116.12
b) <u>Earnings in Foreign Currency:</u>		
F.O.B. Value of Exports	44195.78	30364.56
(This does not include exports to Nepal, deemed exports)		

For and on behalf of the Board

Mumbai
July 8, 2011

U. Shekhar
Managing Director

G. Ramakrishnan
Director
Home & Personal Care (Global)

"Annexure - B"

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and forming part of the Report of the Directors

A. Persons employed through out the year and were in receipt of remuneration in aggregate of not less than Rs. 5,00,000/- P.M.

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 31 st March, 2011.							
Name	Age	Designation	Gross Remuneration Rs.	Qualification	Experience	Date of Commencement of Employment	Previous Employment / Position Held
1. Mr. C. Ramakrishnan	56	Director Home & Personal Care (Global)	97,60,600	M.Com., F.C.A., F.I.C.W.A.	34	May 20, 1986	Colgate Palmolive (I) Ltd.- Accountant
2. Mr. K. K. Natarajan	46	Chief of Operations	66,89,324	B.Com., A.I.C.W.A	26	April 21, 1993	Indian Organic Chemicals Ltd- Deputy Manager- Finance
3. Mr. S. R. Shanbhag	57	Whole-time Director	97,89,555	B.Com., A.C.A., Grad. C.W.A.	34	May 20, 1986	Colgate Palmolive (I) Ltd.- Accountant
4. Mr. U. Shekhar	57	Managing Director	1,06,09,135	B.Chem. Engg. (UDCT), PGDBM (IIM Cal)	34	May 20, 1986	Lupin Laboratories Ltd. - Management Trainee
5. Mr. U. K. Kamat	56	Executive Director – Finance	97,60,600	B.Com., A.C.A., Grad. C.W.A.	34	April 1, 2003	Practising Chartered Accountant

Notes:

- 1 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.
- 2 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.
- 3 Non-Director employee is not related to any Director of the Company.

For and on behalf of the Board

Mumbai
July 8, 2011

U. Shekhar
Managing Director

G. Ramakrishnan
Director
Home & Personal Care (Global)

AUDITORS' REPORT

To the Members of GALAXY SURFACTANTS LIMITED

1. We have audited the attached Balance Sheet of **GALAXY SURFACTANTS LIMITED** (the "Company") as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
2. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (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 those 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 Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) *As stated in note no. 6 of Schedule T, commission payable to non executive directors is subject to approval of the shareholders.*
 - (g) *Subject to our comments in para (f) above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon attached thereto give the information required by the Act in the prescribed manner and in conformity with the accounting principles generally accepted in India give a true and fair view:*
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
P. D. Kunte & Co. (Regd.)
Chartered Accountants
Firm Registration No.: 105479W

D.P. Sapre
Partner
Membership No. 40740

Place: Mumbai
Date: 8th July, 2011

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 4 of our Report even date to the members of GALAXY SURFACTANTS LIMITED on the financial statements for the year ended 31st March, 2011.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) In our opinion and according to the information and explanations given to us, the fixed assets of the Company have been physically verified by the management during the year. No material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable;
- (c) In our opinion and according to the information and explanations given to us, substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding inventories with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable;
- (b) In our opinion, the procedures of physical verification of inventory 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 the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has granted unsecured loan to one party listed in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. 258.23 lac and the amount outstanding at the year-end was Rs. 158.00 lac.
- (b) The aforesaid unsecured loan is granted to Galaxy Surfactants Limited-Employees Welfare Trust, which has been settled by the Company for the benefit of its employees. There are no other terms and conditions stipulated in respect of the said loan. Accordingly sub clauses (b), (c) and (d) of clause (iii) of Paragraph 4 of the Order is not applicable to the Company.
- (c) The Company has taken unsecured loans from 22 parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding at anytime during the year and the year-end balance of such unsecured loans aggregates to Rs. 765.30 lac and Rs. 714.00 lac respectively.
- (d) In our opinion, the rate of interest and other terms and conditions of such loans are prima facie, not prejudicial to the interests of the Company.
- (e) The Company is regular in repayment of the principal amount and payment of interest in respect of these loans.
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 for the purchase of inventory and fixed assets and for the sale of goods. There are no sales of services during the year under audit. Further, on the basis of our examination of the books of account and records of the Company and according to the information and explanations given to us, no major weakness have been noticed or reported in the aforesaid internal control procedures.
5. (a) In our opinion based on audit procedures applied by us and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lac in respect of any party during the year have been made at prices which are reasonable having regard to the 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 section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 framed there under, with regard to 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.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. To the best of our knowledge and according to the information given to us, 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. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State Insurance, Income-tax, Wealth tax, Sales tax, Value added tax, Service tax, Customs duty, Excise duty Cess and other material statutory dues as applicable with the appropriate authorities. There are no dues in relation to these undisputed statutory dues outstanding at the year-end for a period exceeding six months from the date they were payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2011, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount disputed (Rs.)	Forum where dispute is pending	Period to which dispute relate
The Central Excise and Salt Act, 1944	Excise Duty	1,17,516	Superintendent of Central Excise on remand by CESTAT	1990-91

10. The Company does not have accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks. The Company has not issued any debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore provisions of any special statute applicable to chit fund / nidhi /mutual benefit fund /societies are not applicable to the Company.
14. As informed to us and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company in respect of loans taken by wholly owned subsidiary companies, are prima facie, not prejudicial to the interests of the Company.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of
P.D. Kunte & Co. (Regd.)
Chartered Accountants
Firm Registration No.: 105479W

Place: Mumbai
Date: 8th July, 2011

D.P. Sapre
Partner
Membership No. 40740

BALANCE SHEET

AS AT 31ST MARCH, 2011

	<u>SCHEDULE</u>	<u>31ST MARCH, 2011 Rupees</u>	<u>31ST MARCH, 2010 Rupees</u>
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	17,72,73,760	17,72,73,760
Reserves & Surplus	B	184,74,67,782	135,02,98,481
Loan Funds			
Secured Loans	C	184,96,97,630	131,76,70,926
Unsecured Loans	D	32,31,79,067	29,58,34,790
Deferred Tax Liability (Net)	E	17,11,87,249	18,21,18,653
TOTAL		<u>436,88,05,488</u>	<u>332,31,96,610</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	F	316,30,69,426	298,02,75,223
Less: Depreciation		<u>125,17,01,616</u>	<u>106,15,49,662</u>
Net Block		191,13,67,810	191,87,25,561
Capital Work-in-Progress at cost, including advances (Refer Note No.7 of Schedule "T")		38,61,31,839	7,47,36,123
		<u>229,74,99,649</u>	<u>199,34,61,684</u>
Investments	G	65,26,82,794	42,86,32,794
Foreign Currency Monetary Item Translation Difference Account		-	48,750
Current Assets, Loans & Advances			
Inventories	H	125,06,69,870	67,95,88,736
Sundry Debtors	I	129,07,07,866	70,43,08,304
Cash & Bank Balances	J	3,01,93,879	11,03,67,876
Other Current Assets	K	52,877	10,618
Loans & Advances	L	52,19,59,480	35,07,67,476
		<u>309,35,83,972</u>	<u>184,50,43,010</u>
Less: Current Liabilities and Provisions			
Current Liabilities	M	155,95,93,089	84,88,45,206
Provisions	N	11,53,67,838	9,51,44,422
Net Current Assets		<u>141,86,23,045</u>	<u>90,10,53,382</u>
TOTAL		<u>436,88,05,488</u>	<u>332,31,96,610</u>

Notes to the Accounts

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

As per our Report attached.

For P.D. Kunte & CO.

Chartered Accountants

D. P. SAPRE

Partner

Mem No 40740

U. SHEKHAR

Managing Director

U. K. KAMAT

Executive Director - Finance

For and on behalf of the Board

S. R. SHANBHAG

Whole-Time Director

G. KAMATH

Head - Resource Mobilisation & Utilisation
Process & Company Secretary

G. RAMAKRISHNAN

Director

Home & Personal Care (Global)

Mumbai

Date : July 08, 2011

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>SCHEDULE</u>	<u>31ST MARCH, 2011 Rupees</u>	<u>31ST MARCH, 2010 Rupees</u>
INCOME			
Gross Sales		903,33,94,831	618,70,10,116
Less : Excise Duty		<u>51,95,84,570</u>	<u>28,78,75,513</u>
Net Sales		851,38,10,261	589,91,34,603
Other Income	O	<u>2,86,93,750</u>	<u>3,02,82,535</u>
TOTAL		<u>854,25,04,011</u>	<u>592,94,17,138</u>
EXPENDITURE			
Material Cost & Inventory Adjustments	P	621,32,57,476	412,13,34,288
Personnel Costs	Q	37,65,81,466	29,06,32,783
Other Manufacturing, Selling and Administrative Expenses	R	<u>78,26,32,280</u>	<u>66,00,73,831</u>
TOTAL		<u>737,24,71,222</u>	<u>507,20,40,902</u>
Profit Before Interest & Depreciation		117,00,32,789	85,73,76,236
Interest & Finance Charges	S	19,49,14,307	12,47,29,808
Profit Before Depreciation		97,51,18,482	73,26,46,428
Depreciation	F	21,79,24,774	17,24,06,466
Profit Before Tax		75,71,93,708	56,02,39,962
Provision for Taxation			
- Current Tax		15,18,90,000	13,63,40,000
- Deferred Tax		(1,09,31,404)	2,06,13,051
- Prior Year Tax Adjustments		10,22,427	(2,83,628)
Net Profit for the year		61,52,12,685	40,35,70,539
Add : Profit brought forward from last year		106,22,92,119	78,03,27,229
Less : Transferred to General Reserve		6,16,00,000	4,04,00,000
Interim Dividend		6,20,45,816	4,28,18,440
Proposed Dividend		2,65,91,064	2,65,91,064
Dividend Distribution Tax		<u>1,46,18,769</u>	<u>1,17,96,145</u>
Balance carried to Balance Sheet		<u>151,26,49,155</u>	<u>106,22,92,119</u>
Earnings per Share Basic (Face value per share - Rs.10)		34.70	23.56
(Earning per Share Diluted Rs.26.13; Previous Year Rs.21.93)			
(Refer Note No. 12 and 13 of Schedule T)			
Notes to the Accounts	T		
Schedules "A" to "T" annexed hereto form part of these accounts			

As per our Report attached.

For P.D. Kunte & CO.

Chartered Accountants

D. P. SAPRE
Partner
Mem No 40740

U. SHEKHAR
Managing Director

U. K. KAMAT
Executive Director - Finance

For and on behalf of the Board

S. R. SHANBHAG
Whole-Time Director

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

G. RAMAKRISHNAN
Director
Home & Personal Care (Global)

Mumbai
Date : July 08, 2011

SCHEDULES

ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 Rupees
A. CAPITAL :		
Authorised :		
5,00,00,000 Equity Shares of Rs.10/- each (Previous Year: 5,00,00,000 Equity Shares of Rs.10/- each)	50,00,00,000	50,00,00,000
TOTAL	50,00,00,000	50,00,00,000
Issued, Subscribed & Paid-up :		
1,77,27,376 Equity Shares of Rs.10/- each, fully paid-up. (Previous Year : 1,77,27,376 Equity Shares of Rs.10/- each, fully paid up)	17,72,73,760	17,72,73,760
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 : 1,19,32,813 Equity Shares of Rs.10/- each.)		
TOTAL	17,72,73,760	17,72,73,760
B. RESERVES & SURPLUS :		
Capital Reserve :		
Capital Subsidy received from the Government of Maharashtra under the Package Scheme of Incentives, balance as per last year	2,11,20,721	2,11,20,721
	2,11,20,721	2,11,20,721
Capital Redemption Reserve :		
Balance as per last year	-	8,04,43,000
Less : Capitalised during the year for Issue of Bonus Shares	-	(8,04,43,000)
	-	-
Securities Premium :		
Balance as per last year	8,61,58,510	3,13,52,390
Add : Received during the year	-	6,00,00,000
Less : Capitalised during the year for Issue of Bonus Shares	-	(51,93,880)
Less : Utilised during the year for expenses of issue of shares	(1,47,87,735)	-
	7,13,70,775	8,61,58,510
General Reserve :		
Balance as per last year	18,07,27,131	14,03,27,131
Add : Transfer during the year from Profit & Loss Account	6,16,00,000	4,04,00,000
	24,23,27,131	18,07,27,131
Profit & Loss Account :		
Balance of Profit as per Profit & Loss Account	151,26,49,155	106,22,92,119
TOTAL	184,74,67,782	135,02,98,481

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

	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 Rupees
C. SECURED LOANS :		
Term Loans from Banks (secured by a first pari passu charge on specified assets and a second pari passu charge on inventories and book debts) (Payable within one year Rs 34,61,96,000/-, Previous Year Rs 11,02,95,000/-) Refer Note No. 12 of Schedule "T"	114,77,78,750	94,76,10,000
Cash Credit and Working Capital Demand Loan from Banks (secured by a first pari passu charge on inventories and book debts and a second charge on the specified assets)	70,19,18,880	37,00,60,926
TOTAL	184,96,97,630	131,76,70,926
D. UNSECURED LOANS :		
Working Capital Demand Loan from a Bank	1,75,43,695	2,00,86,194
Fixed Deposits*	23,92,45,000	20,31,80,000
Interest-free loan by way of Deferral of Sales-Tax from the Government of Maharashtra under the Package Schemes of Incentives.	6,63,90,372	7,14,38,596
Loan from Directors	-	11,30,000
TOTAL	32,31,79,067	29,58,34,790
* Includes Rs. 4,12,00,000 (Previous Year Rs.3,54,30,000) from Directors		
E. DEFERRED TAX LIABILITY (NET) :		
Deferred Tax Liabilities :		
Fixed Assets & Depreciation	19,50,66,899	19,51,98,455
Deferred Tax Assets :		
Retirement Benefits	(1,61,23,126)	(1,25,85,995)
Others	(77,56,524)	(4,93,807)
TOTAL	17,11,87,249	18,21,18,653

F. FIXED ASSETS :

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 31.03.2010 Rupees	Additions during the year Rupees	Deletions during the year Rupees	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees	Additions during the year Rupees	Deletions during the year Rupees	As at 31.03.2011 Rupees	As at 31.03.2011 Rupees	As at 31.03.2010 Rupees
1. Leasehold Land*	19,04,31,526	-	49,24,948	18,55,06,578	1,42,20,621	19,64,931	-	1,61,85,552	16,93,21,026	17,62,10,905
2. Factory Building	50,86,51,722	4,37,36,678	-	55,23,88,400	10,87,51,234	1,85,76,478	-	12,73,27,712	42,50,60,688	39,99,00,488
3. Building - Others	4,27,11,653	9,45,254	-	4,36,56,907	1,05,36,478	7,02,350	-	1,12,38,828	3,24,18,079	3,21,75,175
4. Plant & Machinery	200,82,61,969	12,87,34,365	1,36,09,686	212,33,86,648	85,33,39,315	17,55,44,120	1,04,59,446	101,84,23,989	110,49,62,659	115,49,22,654
5. Furniture & Fixtures	5,34,73,511	114,66,278	2,90,000	6,46,49,789	1,11,82,357	40,65,901	48,118	1,52,00,140	4,94,49,649	4,22,91,154
6. Vehicles	2,92,42,355	80,40,331	8,34,519	3,64,48,167	1,03,71,865	27,64,094	6,69,235	1,24,66,724	2,39,81,443	1,88,70,490
7. Office Equipments	14,75,02,487	2,72,49,790	1,77,19,340	15,70,32,937	5,31,47,792	1,43,06,900	1,65,96,021	5,08,58,671	10,61,74,266	9,43,54,695
TOTAL	298,02,75,223	22,01,72,696	3,73,78,493	316,30,69,426	106,15,49,662	21,79,24,774	2,77,72,820	125,17,01,616	191,13,67,810	191,87,25,561
Previous Year	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	

* Deletion in Leasehold Land during the year amounting to Rs. 49,24,948 represents refund received from GIDC upon finalisation of actual area of land at Jhagadia allotted to the Company.

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

	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 Rupees
G. INVESTMENTS :		
(Long term, valued at cost)		
1. Trade Investments		
Investment in Subsidiary Companies (Unquoted):		
12,000 Shares of face value US \$ 0.01 each fully paid up of Galaxy Chemicals Inc. (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 (Previous Year : 5,00,000 Equity Shares)	2,37,25,040	2,37,25,040
1,33,89,300 Preference Shares of face value US \$1 each fully paid up of Galaxy Holdings (Mauritius) Ltd (Previous Year: 83,50,000 Preference Shares)	62,40,22,540	39,81,23,475
	<u>65,23,65,394</u>	<u>42,64,66,329</u>
2. Non Trade Investments		
a) 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
1,000 Equity Shares of Rs.25/- each fully paid-up of Shamrao Vitthal Co-op Bank Ltd. (Previous Year : 1,000 Equity Shares)	25,000	25,000
National Savings Certificates	2,000	2,000
Kisan Vikas Patra	5,000	5,000
6,357 Shares of face value of Rs.100/-each fully paid up of Tarapur Environment Protection Society (Previous Year : Nil)	-	-
	<u>2,02,200</u>	<u>2,02,200</u>
b) 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. 27,95,760/- , Previous Year : Rs. 21,09,240/)	1,15,200	1,15,200
3. Share Application Money with Galaxy Holdings (Mauritius) Ltd.	-	18,49,065
TOTAL	<u>65,26,82,794</u>	<u>42,86,32,794</u>
H. INVENTORIES :		
(Taken, valued and certified by a Director, including lying with third parties)		
Raw Materials	38,92,72,216	15,04,76,855
Packing Materials	1,84,96,818	1,98,01,813
Finished Goods	41,26,55,033	24,10,74,480
Work-in-Process	36,66,96,853	22,00,04,804
Consumables, Stores & Others	6,35,48,950	4,82,30,784
TOTAL	<u>125,06,69,870</u>	<u>67,95,88,736</u>
I. SUNDRY DEBTORS :		
(Unsecured, considered good)		
Debts outstanding over six months	30,99,991	46,46,314
Other Debts*	128,76,07,875	69,96,61,990
TOTAL	<u>129,07,07,866</u>	<u>70,43,08,304</u>

* Includes Rs. 6,19,18,695/- (Previous year: Rs. 95,77,619/-)
receivable from subsidiaries

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(Contd..)

	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 Rupees
J. CASH AND BANK BALANCES :		
Cash on hand	21,85,909	17,94,235
With Scheduled Banks :		
- In Current Account	2,44,05,966	10,65,54,483
- In Fixed Deposit Account	27,43,482	17,60,305
With Non-Scheduled Banks :		
- In Current Account with Krungthai Bank, Bangkok (Maximum amount outstanding at anytime during the year Rs. 8,58,522/- Previous Year Rs. 10,64,613/-)	8,58,522	2,58,853
TOTAL	3,01,93,879	11,03,67,876
K. OTHER CURRENT ASSETS :		
Interest accrued on Bank Deposits	52,877	10,618
TOTAL	52,877	10,618
L. LOANS AND ADVANCES :		
(Unsecured, considered good)		
Advances recoverable in cash or kind for value to be received *	42,69,15,037	28,27,81,187
Tender, Security & Other Deposits	2,40,17,466	1,12,76,826
Balances with Excise Authorities	2,64,39,913	2,41,17,178
Income Tax Paid (Net of Provisions)	4,45,87,064	3,25,92,285
TOTAL	52,19,59,480	35,07,67,476
* Includes Rs. 2,34,86,780/- (Previous Year Rs. 21,39,300/-) recoverable from subsidiaries		
M. CURRENT LIABILITIES :		
Sundry Creditors and Expenses Payable *	89,87,59,626	50,04,01,616
Bills Payable	55,42,20,156	26,49,36,106
Creditors for Capital Expenditure	1,15,53,136	1,46,68,685
Advances from Customers	2,75,88,705	2,56,84,912
Unclaimed Dividend **	17,03,125	18,99,900
Security & Other Deposits	8,59,653	8,59,653
Other Liabilities	3,33,87,796	2,10,88,437
Interest accrued but not due	3,15,20,892	1,93,05,897
TOTAL	155,95,93,089	84,88,45,206
* Includes Rs. 27,40,475/- due to Micro and Small Enterprises to the extent such parties have been identified from available information. (Previous Year Rs. 50,33,787/-)		
** Refer Note No. 10 of Schedule "T"		
N. PROVISIONS :		
Provision for Taxation (Net of Payments)	3,18,14,050	2,28,94,745
Proposed Dividend	2,65,91,064	2,65,91,064
Provision for Dividend Distribution Tax	43,13,735	45,19,151
Provision for Retirement Benefits	5,26,48,989	4,11,39,462
TOTAL	11,53,67,838	9,51,44,422

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

	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 Rupees
O. OTHER INCOME :		
Dividend Income	66,840	87,500
Interest on Bank Deposits (Gross) [TDS: Rs. Nil, (Previous year Rs. Nil)]	2,56,768	3,04,199
Sale of Scrap	52,95,025	39,77,052
Income from Cash Discount	27,98,413	1,71,19,001
Interest - Others	3,99,133	62,46,787
Foreign Exchange Differences (Net)	1,64,04,397	-
Miscellaneous Income	34,73,174	25,47,996
TOTAL	2,86,93,750	3,02,82,535
P. MATERIAL COST & INVENTORY ADJUSTMENTS :		
Raw Materials Consumed	613,95,03,074	380,22,15,956
Packing Materials Consumed	33,26,93,308	27,95,62,849
Purchases - Traded goods	5,00,71,528	4,62,34,558
Processing Charges	92,62,168	56,98,113
	653,15,30,078	413,37,11,476
(Increase)/Decrease in Stock of Finished Goods & Work-in-process :		
Add: Opening Stock		
Finished Goods	24,10,74,480	19,29,15,443
Work-in-Process	22,00,04,804	25,57,86,653
Less: Closing Stock		
Finished Goods	41,26,55,033	24,10,74,480
Work-in-Process	36,66,96,853	22,00,04,804
Net (Increase)/Decrease	(31,82,72,602)	(1,23,77,188)
TOTAL	621,32,57,476	412,13,34,288
Q. PERSONNEL COSTS :		
Salaries, Wages & Allowances	32,14,94,629	24,94,72,111
Contribution to Provident Fund and Other Funds	2,76,77,751	2,00,73,630
Workmen & Staff Welfare Expenses	2,74,09,086	2,10,87,042
TOTAL	37,65,81,466	29,06,32,783

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

	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 Rupees
R. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES :		
Consumable Chemicals	1,12,38,406	77,92,947
Power & Fuel	26,30,12,494	19,18,37,959
Repairs & Maintenance:		
- Plant & Machinery	5,69,73,225	5,89,91,550
- Building	36,37,448	77,10,564
- Others	1,04,80,118	98,41,268
Rent	64,69,171	29,41,522
Insurance	1,90,33,989	1,61,00,665
Rates & Taxes	1,59,82,197	96,99,333
Travelling & Conveyance	5,49,47,852	4,31,86,022
Printing & Stationery	80,65,797	61,08,135
Freight & Forwarding (Net of Recovery)	8,86,34,068	7,90,33,480
Subscription, Books & Periodicals	54,06,432	43,53,181
Postage & Telephones	1,44,66,182	1,45,69,819
Legal & Professional Fees	4,44,23,826	5,02,40,859
Advertising Expenses	4,99,154	2,95,109
Exhibitions & Seminar Expenses	74,91,198	34,15,625
Discount & Commission	1,31,40,201	3,82,30,793
Donations	12,31,585	11,53,668
Directors Sitting Fees	8,20,000	5,50,000
Bank Charges	1,98,56,563	1,57,48,144
Security Charges	1,16,63,471	91,19,367
Water Charges	96,34,922	89,69,953
Loss on Sale/Discard of assets	42,60,833	4,11,058
Foreign Exchange Differences (Net) - Trade related	-	14,43,183
Advances written off	-	4,07,55,000
REACH Registration Expenses	6,19,20,626	-
Miscellaneous Expenses	4,93,42,522	3,75,74,627
TOTAL	78,26,32,280	66,00,73,831
S. INTEREST & FINANCE CHARGES :		
Interest on Term Loans	9,74,56,578	4,45,52,334
Interest on Working Capital	9,15,43,743	7,81,16,433
Interest - Others	5,20,893	32,80,834
Other Finance Charges, etc.	66,52,768	97,53,111
Net Foreign Exchange Fluctuation (Gain)/Loss on Foreign Currency Loans	(12,59,675)	(1,09,72,904)
TOTAL	19,49,14,307	12,47,29,808

NOTES 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 financial statements :

(i) Accounting Convention:

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material aspects with the Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to accounting estimates are recognised prospectively and revised, in current and future periods.

(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.

- (i) Sales are recognised when goods are supplied and are recorded net of sales tax, sales returns and trade discounts.
- (ii) Interest income is booked on a time proportion basis taking into account the amounts invested and the rate of interest.
- (iii) Dividend income on investments is accounted for as and when the right to receive the same is established.

(c) Fixed Assets :

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation or amortisation. The cost of fixed assets includes all costs incidental to acquisition or construction, 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 up to 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 primary 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 in overseas subsidiaries (being long term) are stated at cost on the basis of rate prevailing on the date of investment. Other long term investments are stated at cost. Provision is made for diminution in the value of investments where in the opinion of the Board of Directors such diminution is other than temporary. Short term investments are stated at lower of cost or market value.

(g) Foreign Currency Translations:

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of the 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 and Loss Account of the year in which it is incurred. Capital expenditure on Research and Development is shown as an addition to relevant Fixed Assets.

(i) Employee Benefits:

- (i) Short term employee benefits are recognized as an expense in the Profit and Loss Account of the year in which service is rendered.
- (ii) Contribution to defined contribution schemes such as Provident Fund, Family Pension Fund and Superannuation Fund are charged to the Profit and Loss Account.
- (iii) The Company makes annual contribution to Employees Group Gratuity cum Life Assurance Scheme in respect of qualifying employees and the same is recognized as an expense in the Profit and Loss Account. Additional liability, if any, in respect of gratuity and liability in respect of leave encashment is recognised on the basis of valuation done by an independent actuary applying Project Unit Credit Method. The actuarial gain/loss arising during the year is recognized in the Profit and Loss Account of 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) 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.

Diluted earnings 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 as adjusted for the effects of all diluted potential equity shares.

(m) Prior Period Items:

All identifiable items of Income and Expenditure pertaining to prior period are accounted through "Prior Period Adjustment Account".

(n) 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.

(o) 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.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Contingent Liabilities & Claims not provided for :

	2010-11 Rupees	2009-10 Rupees
(a) Counter Guarantees given to Banks	4,38,10,000	1,62,50,000
(b) Corporate Guarantee given to bank on behalf of subsidiary	61,08,83,000	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	1,19,17,345	-

3. Estimated amount of contracts remaining to be executed on Capital Account:

	2010-2011 Rupees	2009-2010 Rupees
Contracts remaining to be executed (Net of Advances)	30,58,40,541	19,59,07,363

4. Research & Development:

Expenses	2010-2011 Rupees	2009-2010 Rupees
a) Salaries & Allowances	1,85,27,821	1,46,06,455
b) R&D Materials & Other Expenses	1,26,98,351	1,66,84,552
c) Professional Fees	48,93,547	53,58,865
d) Capital Expenditure	49,45,068	27,90,519
TOTAL	4,10,64,787	3,94,40,391

5. Auditor's Remuneration:

Expenses	2010-2011 Rupees	2009-2010 Rupees*
a) Audit Fees	20,00,000	15,00,000
b) Tax Audit / VAT Audit fees	-	5,00,000
c) Other Services	4,86,000	7,00,500
d) Out of Pocket Expenses	3,985	1,13,422
TOTAL	24,89,985	28,13,922

* Paid to previous statutory auditors

6. Managerial Remuneration:

Expenses	2010-2011 Rupees	2009-2010 Rupees
Remuneration paid to Managing Director and Whole time Directors:		
a) Salary & Allowances	2,18,40,000	1,85,64,000
b) Commission	1,51,00,000	1,41,00,000
c) Perquisites	9,63,890	3,61,949
d) Contribution to Provident Fund & Other Funds	20,16,000	17,13,600
Sub - Total	3,99,19,890	3,47,39,549
Remuneration to the Non-Executive Directors:		
Commission	26,00,000	15,00,000
Sub - Total	26,00,000	15,00,000
TOTAL	4,25,19,890	3,62,39,549

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

Particulars	2010-2011		2009-2010	
	Rupees.	Rupees.	Rupees.	Rupees.
Profit before Taxation as per Profit & Loss Account		75,71,93,708		56,02,39,962
Add: Depreciation as per accounts	21,79,24,774		17,24,06,466	
Managerial Remuneration	4,25,19,890		3,62,39,549	
Loss on Sale of Assets as per accounts	42,60,833	26,47,05,497	4,11,058	20,90,57,073
Total		102,18,99,205		76,92,97,035
Less: Depreciation calculated under Section 350 of the Companies Act, 1956	21,79,24,774		17,24,06,466	
Loss on Sale of Assets as per Section 349 of Companies Act, 1956.	42,60,833	22,21,85,607	4,11,058	17,28,17,524
Net Profit in terms of Section 198 of Companies Act, 1956.		79,97,13,598		59,64,79,511
Maximum Remuneration payable to managing director & wholetime directors – 10% of Net Profit as computed above as per Companies Act, 1956.		7,99,71,360		5,96,47,951
Maximum Commission payable to non-executive directors – 1% of Net Profit as computed above as per Companies Act, 1956.		79,97,136		59,64,795
Managerial Remuneration [including commission] paid/payable to whole time directors subject to a ceiling of 10% of Net Profits as calculated above but restricted to [as determined by the Board of Directors]		3,99,19,890		3,47,39,549
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] *		26,00,000		15,00,000

* Commission to Non-Executive Directors is subject to approval of shareholders at the ensuing Annual General Meeting.

7. All pre-operative costs directly attributable to new projects undertaken are accumulated as expenditures during construction period and are capitalised in the year of completion of project. Capital work in progress as at the year end includes the following balance of expenditure during construction period as at the respective year end:

	2010-11 Rupees	2009-10 Rupees
Opening Balance	43,30,705	12,50,726
Additions during the Year		
Interest & Other Finance Charges	48,53,395	12,81,082
Personnel Cost	30,30,928	1,78,849
Travelling & Conveyance	14,34,014	6,26,776
Rates & Taxes	8,32,104	57,74,040
Power & Fuel	3,57,944	14,81,630
Security Charges	3,00,813	-
Rent	2,89,000	-
Miscellaneous Expenses	2,03,540	79,472
Water Charges	1,65,532	-
Postage & Telephones	22,819	-
Legal & Professional Fees	20,600	1,04,367
Subscription, Books & Periodicals	17,405	-
Printing & Stationery	15,292	-

	2010-11 Rupees	2009-10 Rupees
Bank Charges	9,740	-
Total Pre-operative Expenses	1,58,83,831	1,07,76,942
Less : Capitalised During the year	-	64,46,237
Balance as at the year end	1,58,83,831	43,30,705

8. A. Capacity & Production:

Particulars	Unit	2010-2011		2009-2010	
		Installed Capacity per annum	Actual Production	Installed Capacity per annum	Actual Production
1. Organic Surface Active Agents / Preparations.	MT	1,47,240	#1,19,210	1,40,000	#1,03,101
2. Fatty Alkanolamides / Fatty Acid Esters.	MT	8,500	##3,885	8,500	##3,382
3. Other Specialty Chemicals.	MT	8,240	###5,170	6,940	4,305

Notes : The Installed Capacity and Production quantities include quantities for captive consumption. 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) 27,997 MT (Previous Year 22,791 MT) used for captive consumption.

(ii) 597 MT (Previous Year 196 MT) processed from third parties.

Includes 67 MT used for captive consumption. (Previous Year: 47 MT)

Includes 43 MT used for captive consumption. (Previous Year: Nil MT)

B. Net Sales Turnover:

Particulars	2010-2011		2009-2010	
	Qty. MT	Rupees	Qty. MT	Rupees
1. Organic Surface Active Agents / Preparations.	90,528	723,49,34,789	79,757	500,54,74,826
2. Fatty Alkanolamides / Fatty Acid Esters.	3,800	37,78,92,314	3,218	26,85,96,715
3. Other Specialty Chemicals.	#5,077	86,09,14,925	#4,290	62,00,80,872
4. Others		4,00,68,233		49,82,190
Total		851,38,10,261		589,91,34,603

Includes 94 MT (Previous year: 25 MT) in respect of traded goods.

C. Stock of Finished Goods:

Particulars	2010-11				2009-10			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty. MT	Rupees	Qty. MT	Rupees	Qty. MT	Rupees	Qty. MT	Rupees
1. Organic Surface Active Agents / Preparations.	3261	17,28,11,033	3946	32,15,08,463	2708	15,26,07,113	3261	17,28,11,033
2. Fatty Alkanolamides / Fatty Acid Esters.	249	1,54,99,585	267	2,44,13,774	132	1,04,68,962	249	1,54,99,585
3. Other Specialty Chemicals	331	3,42,85,984	#460	5,93,03,840	276	2,98,39,368	#331	3,42,85,984
4. Others		1,84,77,878		74,28,956				1,84,77,878
Total		24,10,74,480		41,26,55,033		19,29,15,443		24,10,74,480

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

D. Raw Materials Consumed:

Particulars	2010-2011		2009-2010	
	Qty. MT	Rupees	Qty. MT	Rupees
1. Fatty Alcohols, Fatty Acids, Oils & Ethylene Oxide	58,711	481,19,23,820	47,611	288,40,88,735
2. Acids, Alkalies & Amines	26,722	62,49,60,542	22,355	53,29,04,835
3. Others		70,26,18,712		38,52,22,386
Total		613,95,03,074		380,22,15,956

E. Purchase of Traded Goods:

Particulars	2010-2011		2009-2010	
	Qty. MT	Rupees	Qty. MT	Rupees
Other Specialty Chemicals	79	338,55,998	40	2,27,79,409
Others		162,15,530		2,34,55,149
Total		500,71,528		4,62,34,558

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

(i) Value of Raw Materials Consumed:

Particulars	2010-2011		2009-2010	
	Rupees	% of Total Consumption	Rupees	% of Total Consumption
Imported	203,30,54,600	33.11	156,19,85,655	41.08
Indigenous	410,64,48,474	66.89	224,02,30,301	58.92
Total	613,95,03,074	100.00	380,22,15,956	100.00

(ii) Value of Stores & Spares Consumed:

Particulars	2010-2011		2009-2010	
	Rupees	% of Total Consumption	Rupees	% of Total Consumption
Imported	14,01,460	3.30	11,19,720	2.47
Indigenous	4,10,13,232	96.70	4,42,43,566	97.53
Total	4,24,14,692	100.00	4,53,63,286	100.00

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

Particulars	2010-2011 Rupees	2009-2010 Rupees
1. Raw Materials & Packing Materials	223,61,48,484	116,53,46,115
2. Traded Goods	2,22,79,958	2,27,79,409
3. Capital Goods	2,55,08,809	6,72,51,316
4. Spares & Others	41,24,031	1,75,31,776

H. Expenditure in Foreign Currencies (on accrual basis):

Particulars	2010-2011 Rupees	2009-2010 Rupees
Foreign Travel	55,98,646	59,26,420
Commission Exports	39,88,380	3,20,34,813
Professional Fees	49,23,357	94,89,830
Exhibition, Subscription & Membership, Training, Seminar.	79,25,320	37,06,385
Interest & Processing Charges on Borrowings	44,19,056	1,04,71,497
Registration expenses under REACH Regulations	5,72,19,077	-
Advances no longer recoverable	-	4,07,55,000
Others	1,69,60,560	1,16,11,802

I. Earnings in Foreign Currencies:

Particulars	2010-2011 Rupees	2009-2010 Rupees
Export of goods on F.O.B. basis	441,95,77,867	303,64,56,307

9. 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, 2011. 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.

10. 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.

11. Derivative Instruments:

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The following are the outstanding forward exchange contracts entered into by the Company as at the year end:

Currency	Buy or Sell	Cross Currency	31/03/2011 US \$	31/03/2010 US \$
US \$	Sell	Indian Rupees	34,50,000	16,00,000
EUR	Sell	Indian Rupees	17,00,000	-

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

Particulars	31 st March 2011	31 st March 2010
Assets		
In Euro	14,43,202	4,05,801
(Equivalent approximate in Rs.)	9,14,96,268	2,46,15,918
In USD	2,02,31,060	1,25,51,546
(Equivalent approximate in Rs.)	90,21,02,946	56,34,38,899
Liability		
In Euro	20,67,515	2,22,952
(Equivalent approximate in Rs.)	13,10,76,493	1,35,24,268
In USD	2,10,42,844	1,68,28,957
(Equivalent approximate in Rs.)	93,83,00,422	75,54,51,887

12. Secured loans include a term loan from a commercial bank, as per the terms of which if the Company continues to be in default for a period of 30 days or more from the due date of installment of principal amounts of the Loan or interest thereon, the Bank shall have the right to convert the outstanding loan amount into Equity Shares of the Company at par. Accordingly these contingently issuable potential equity shares have been considered for calculation of diluted earning per share.

13. Earning Per Share:

Particulars	31 st March 2011 Rupees	31 st March 2010 Rupees
Profit after tax	61,52,12,685	40,35,70,539
The weighted average no. of equity shares for Basic EPS	1,77,27,376	1,71,29,020
Nominal Value of Equity Shares	Rs.10/-	Rs.10/-
Earning Per Share (Basic)	34.70	23.56
Profit after Tax for Basic EPS	61,52,12,685	40,35,70,539
Add: Interest cost on Term loan (net of taxes)	36,41,096	-
Profit after Tax for Diluted EPS	61,88,53,781	40,35,70,539
The weighted average no. of equity shares for Basic EPS	1,77,27,376	1,71,29,020
Add: Adjustments for conversion of Term loan (nos.)	59,58,904	12,73,973
The weighted average no. of equity shares for Diluted EPS	2,36,86,280	1,84,02,993
Earning Per Share (Diluted)	26.13	21.93

14. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

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

i. The Company has recognised **Rs.1,50,59,050/-** (Previous year Rs.1,20,94,582/-), 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	
	31/03/2011 Rupees	31/03/2010 Rupees	31/03/2011 Rupees	31/03/2010 Rupees
Actuarial Assumptions for the year				
Discount Rate	8.25%	8.25%	8.25%	8.25%
Expected Rate of Return on Plan Assets	9.25%	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	4,44,77,401	3,57,47,616	2,31,72,275	1,78,28,110
Interest Cost	36,69,386	29,49,178	19,11,713	14,70,820
Past Service Cost	-	-	-	-
Current Service Cost	45,67,043	35,49,382	17,06,411	14,10,041
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(14,58,260)	(3,07,779)	(20,57,189)	(1,45,342)
Actuarial (gain) / loss on obligations	53,33,952	25,39,004	40,38,285	26,08,646
Present Value of the Obligation as at end of the year	5,65,89,522	4,44,77,401	2,87,71,495	2,31,72,275
Changes in Fair Value of Plan Assets				
Present Value of Plan Assets as at beginning of the year	2,65,10,214	2,12,19,975	-	-
Expected Return on Plan Assets	26,11,990	20,51,969	-	-
Actuarial Gain / (Loss) on Plan Assets	1,34,800	78,902	-	-
Contributions made by the Company	49,13,284	34,67,147	-	-
Benefits Paid	(14,58,260)	(3,07,779)	-	-
Fair Value of Plan Assets as at end of the year	3,27,12,028	2,65,10,214	-	-
Actual Return on Plan Assets				
Expected Return on Plan Assets	26,11,990	20,51,969	-	-
Actuarial gain / (loss) on Plan Assets	1,34,800	78,902	-	-
Actual Return on Plan Assets	27,46,790	21,30,871	-	-
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	5,65,89,522	4,44,77,401	-	-
Fair Value of Plan Assets as at end of the year	3,27,12,028	2,65,10,214	-	-
Present Value of the Unfunded obligation as at end of the year	-	-	2,87,71,495	2,31,72,275
Net Liability recognized in the Balance Sheet	2,38,77,494	1,79,67,187	2,87,71,495	2,31,72,275
Expenses Recognized in the Profit & Loss Account				
Current Service Cost	45,67,043	35,49,382	17,06,411	14,10,041
Past Service Cost	-	-	-	-
Interest Cost	36,69,386	29,49,178	19,11,713	14,70,820
Expected Return on Plan Assets	(26,11,990)	(20,51,969)	-	-

Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / loss to be recognized	51,99,152	24,60,102	40,38,285	26,08,646
Total Expenses recognized in the Profit and Loss Account	1,08,23,591	69,06,693	76,56,409	54,89,507
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	27,46,790	21,30,871	-	-

16. Segment Reporting (Accounting Standard 17):

- a. Primary Segment : Business Segment
The Company is engaged in the manufacture of specialty chemicals which is considered as the only business segment.
- b. Secondary Segment : Geographical Segment

Segment Revenues	31 st March 2011 Rupees	31 st March 2010 Rupees
A. Revenues within India	406,43,10,005	281,37,14,767
B. Revenues outside India	444,95,00,256	308,54,19,836
Total	851,38,10,261	589,91,34,603

17. 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)

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

Key Management Personnel [Whole-time Directors]	Relatives 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	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1 Share Capital								
Share Application Money Received/ Shares allotted								
Galaxy Surfactants Limited - Employees' Welfare Trust				26383500				
U.K.Kamat						3410000		
2 Unsecured Loans								
a <i>Loans/ Fixed Deposit Received</i>								
U. Shekhar					10000000	16500000		
S. R. Shanbhag						3000000		
Sneha Shanbhag								3000000
Others							1625000	5060000
b <i>Loans/ Fixed Deposit Repaid</i>								
U. Shekhar					480000	3110576		
S. R. Shanbhag					3100000	2813461		
Nandini Shekhar								1100000
Others					650000	11230		700000
c <i>Loans/ Fixed Deposits as at 31st March</i>								
U. Shekhar					38100000	28580000		
S. R. Shanbhag					3000000	6100000		
Others					100000	750000	11955000	10330000
3 Investments								
a <i>Investments made during the year</i>								
Galaxy Holdings (Mauritius) Ltd	224050000	423600579						
b <i>Investments as at 31st March</i>								
Galaxy Chemicals Inc	4617814	4617814						
Galaxy Holdings (Mauritius) Ltd	647747580	423697580						
4 Debtors								
Balance as at year end								
Tri-K Industries Inc.	51992706	9577619						
Galaxy Chemicals (Egypt) S.A.E.	9251788							
Maybrook, Inc	674201							
5 Loans & Advances								
a <i>Incorporation Expenses incurred</i>								
Galaxy Chemicals (Egypt) S.A.E.	31161835	6234233						
b <i>Incorporation Expenses repaid</i>								
Galaxy Chemicals (Egypt) S.A.E.	10642651	8422994						
Galaxy Holdings (Mauritius) Ltd		346168						
c <i>Other Loan given</i>								
Galaxy Surfactants Limited - Employees' Welfare Trust							25823425	
d <i>Other loan Repaid</i>								
Galaxy Surfactants Limited - Employees' Welfare Trust								10023425
e <i>Balance as at year end</i>								
Galaxy Chemicals (Egypt) S.A.E.	23383041	2139300						
Galaxy Surfactants Limited - Employees' Welfare Trust								15800000
Tri-K Industries Inc.	103739							25823425
f <i>Inter-Corporate Loan given</i>								
Galaxy Holdings (Mauritius) Ltd		205338000						

Particulars	Subsidiary Company		Entities where Key Management Personnel can exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
g <i>Inter-Corporate Loan Repaid</i> Galaxy Chemicals Inc Galaxy Holdings (Mauritius) Ltd		43112000 205338000						
6 Creditors								
Balance as at year end								
Galaxy Chemicals Inc.		2906993						
Tri-K Industries Inc.		177575						
7 Interest accrued but not due								
U. Shekhar					3410920	1176784		
S. R. Shanbhag					544511	218246		
Others							1097682	422898
8 Bank/ Corporate Guarantee given								
Rainbow Holdings GmbH	22295000	22445000						
Galaxy Chemicals (Egypt) S.A.E.	588588000							
9 Income								
a <i>Sales to</i>								
Tri-K Industries Inc.	121516322	9590853						
Maybrook Inc.	1147651							
Galaxy Chemicals (Egypt) S.A.E.	30407476							
b <i>Commission Received from</i>								
Tri-K Industries Inc.		42526						
Galaxy Chemicals (Egypt) S.A.E.		944104						
c <i>Sample/ Testing Charges from</i>								
Tri-K Industries Inc.		13950						
10 Expenditure								
a <i>Managerial Remuneration</i>								
U. Shekhar					10609135	8854015		
G. Ramakrishnan					9760600	8651151		
S. R. Shanbhag					9789555	8627233		
U. K. Kamat					9760600	8607150		
b <i>Commission on Sales</i>								
Galaxy Chemicals Inc.		28802750						
c <i>Professional Fees Paid</i>								
OTC GmbH		1409190						
d <i>Technical Know how Fees</i>								
OTC GmbH		20016000						
e <i>Advance for Capital Goods</i>								
OTC GmbH		20739000						
f <i>Interest paid on Fixed Deposits / Loans</i>								
U. Shekhar					3510134	2537117		
S. R. Shanbhag					372372	568896		
Others					10416	11000	1314574	613013
11 Dividend paid								
Galaxy Chemicals			22810160	22599080				
Galaxy Emulsifiers Pvt Ltd			1357500	1357500				
Galaxy Surfactants Limited - Employees' Welfare Trust			712500					
U. Shekhar					10283600	10283600		
S. R. Shanbhag					10145210	10170210		
Others					206580	5950270	5068430	5048430

18. 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. 64,69,170/- (Previous Year Rs. 29,41,522/-).

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. 54,000/- (Previous Year Rs. 1,91,250/-).

19. 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 has amortised the remaining amount of Rs. 48,750/- out of the said account.

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	1
---	---

Date Month Year

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

Public Issue

				N	I	L			
--	--	--	--	---	---	---	--	--	--

Equity Issue

				N	I	L			
--	--	--	--	---	---	---	--	--	--

Bonus Issue

				N	I	L			
--	--	--	--	---	---	---	--	--	--

Private Placement

				N	I	L			
--	--	--	--	---	---	---	--	--	--

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

Total Liabilities

4	3	6	8	8	0	5	4	8	8
---	---	---	---	---	---	---	---	---	---

Total Assets

4	3	6	8	8	0	5	4	8	8
---	---	---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

	1	7	7	2	7	3	7	6	0
--	---	---	---	---	---	---	---	---	---

Reserves & Surplus

1	8	4	7	4	6	7	7	8	2
---	---	---	---	---	---	---	---	---	---

Secured Loans

1	8	4	9	6	9	7	6	3	0
---	---	---	---	---	---	---	---	---	---

Unsecured Loans

3	2	3	1	7	9	0	6	7
---	---	---	---	---	---	---	---	---

Deferred Tax Liabilities (Net)

1	7	1	1	8	7	2	4	9
---	---	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

2	2	9	7	4	9	9	6	4	9
---	---	---	---	---	---	---	---	---	---

Investments

6	5	2	6	8	2	7	9	4
---	---	---	---	---	---	---	---	---

Net Current Assets

1	4	1	8	6	2	3	0	4	5
---	---	---	---	---	---	---	---	---	---

Misc. Expenditure

				N	I	L			
--	--	--	--	---	---	---	--	--	--

Accumulated Losses

				N	I	L			
--	--	--	--	---	---	---	--	--	--

Foreign Currency Monetary Translation
Difference Account

				N	I	L			
--	--	--	--	---	---	---	--	--	--

IV. Performance of Company (Amount in Rupees)

Turnover

8	5	1	3	8	1	0	2	6	1
---	---	---	---	---	---	---	---	---	---

Total Expenditure

7	7	5	6	6	1	6	5	5	3
---	---	---	---	---	---	---	---	---	---

(+) Profit / (-) Loss Before Tax

	7	5	7	1	9	3	7	0	8
--	---	---	---	---	---	---	---	---	---

(+) Profit / (-) Loss After Tax

	6	1	5	2	1	2	6	8	5
--	---	---	---	---	---	---	---	---	---

Earning per share in Rupees

3	4	.	7	0
---	---	---	---	---

Dividend Rate %

5	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 P.D. Kunte & CO.

Chartered Accountants

For and on behalf of the Board

D. P. SAPRE
Partner
Mem No 40740

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

Mumbai
Date : July 08, 2011

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	2010-11		2009-10	
	Amount Rupees	Amount Rupees	Amount Rupees	Amount Rupees
A Cash Flow from Operating Activities				
Profit before Tax, Extraordinary items		75,71,93,708		56,02,39,962
Adjustments for:				
Add :				
Depreciation	21,79,24,774		17,24,06,466	
Interest paid	19,49,14,307		12,47,29,808	
Loss on Sale of Assets	42,60,833	41,70,99,914	4,11,058	29,75,47,332
Less :				
Dividend Income	(66,840)		(87,500)	
Interest Income	(6,55,901)		(65,50,986)	
Prior Year Tax Adjustments	(10,22,427)	(17,45,168)	2,83,628	(63,54,858)
Operating Profit before Working Capital Changes		117,25,48,454		85,14,32,436
Working Capital Changes				
Inventories	(57,10,81,134)		21,47,690	
Trade & Other Receivables	(58,63,99,562)		9,30,33,619	
Other Advances	(15,91,97,225)		(5,16,38,628)	
Current Liabilities	71,07,47,883		12,01,29,818	
Other Liabilities	1,15,09,527	(59,44,20,511)	87,83,711	17,24,56,210
Cash generated from Operations		57,81,27,943		102,38,88,646
Income Taxes Paid		(15,49,65,474)		(10,91,92,248)
Net Cash Flow from Operating Activities (a)		42,31,62,469		91,46,96,398
B Cash Flow from Investing Activities				
Capital Expenditure		(52,66,43,464)		(60,85,35,003)
Sale of Fixed Assets		4,19,893		6,94,409
Investment in Subsidiary		(22,40,50,000)		(42,36,00,579)
Investment Others		-		(25,000)
Dividend Income		66,840		87,500
Interest Income		6,55,901		65,50,986
Net Cash used in Investing Activities (b)		(74,95,50,830)		(102,48,27,687)
C Cash Flow from Financing Activities				
Share Issue Expenses		(1,47,87,735)		-
Issue of Equity Shares		-		6,60,00,000
Net Secured Borrowings		53,20,26,704		21,31,58,490
Sales Tax Deferrals / MIDC Incentives		(50,48,225)		(67,36,574)
Fixed Deposits		3,60,65,000		10,51,75,000
Repayment of Loans from Directors		(11,30,000)		(59,35,267)
Receipt/ (Repayment) of Loan from Others		(25,42,499)		1,27,14,370
Foreign Currency Translation Difference		48,750		18,68,750
Interest & Finance Charges		(19,49,14,307)		(12,47,29,808)
Equity Dividend & Dividend Tax thereon		(10,34,61,065)		(10,01,90,868)
Net Cash Flow from Financing Activities (c)		24,62,56,623		16,13,24,093
Net Increase/(Decrease) in Cash and Cash Equivalents (a) + (b) + (c)		(8,01,31,738)		5,11,92,804
Cash and Cash Equivalents - Opening Balance		11,03,78,494		5,91,85,690
Unrealised Foreign Exchange Gain/ (Loss)	1,46,105		52,383	
Cash and Cash Equivalents - Closing Balance	3,01,00,651	3,02,46,756	11,03,26,111	11,03,78,494
Net Increase/(Decrease) in Cash and Cash Equivalents		(8,01,31,738)		5,11,92,804

As per our Report attached.

For P.D. Kunte & CO.

Chartered Accountants

D. P. SAPRE
Partner
Mem No 40740

U. SHEKHAR
Managing Director

U. K. KAMAT
Executive Director - Finance

For and on behalf of the Board

S. R. SHANBHAG
Whole-Time Director

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

G. RAMAKRISHNAN
Director
Home & Personal Care (Global)

Mumbai
Date : July 08, 2011

AUDITORS' REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS OF GALAXY SURFACTANTS LIMITED AND ITS SUBSIDIARIES

TO THE BOARD OF DIRECTORS OF GALAXY SURFACTANTS LIMITED

1. We have examined the attached Consolidated Balance Sheet of GALAXY SURFACTANTS LIMITED (the Company) and its subsidiaries as at 31st March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the accounts of the subsidiary companies audited by other auditors. These financial statements are the responsibility of the Company management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary companies, whose financial statements reflect total assets (net) of Rs. 18,02,377/- as at 31st March 2011 [previous year Rs. (1,99,96,563/-)] and total revenues of Rs. 3,17,35,170/- for the year ended on that date (previous year loss Rs. 2,46,05,338/-). These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary companies is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (AS-21) on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries, included in the consolidated financial statements.
5. *Commission payable to non executive directors of the Holding Company is subject to approval of the shareholders at the ensuing Annual General Meeting.*
6. *Subject to our comments in para (5) above, on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at 31st March 2011;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
 - (c) in the case of Consolidated Cash Flow Statement, of the cash flows of the Company and its subsidiaries for the year ended on that date.

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

Place : Mumbai
Date : 8th July 2011

D.P. Sapre
Partner
Membership No. 40740

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2011

	SCHEDULE	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	17,72,73,760	17,72,73,760
Reserves & Surplus	B	184,92,70,158	133,03,01,918
Loan Funds			
Secured Loans	C	225,10,07,630	132,13,27,034
Unsecured Loans	D	32,31,79,067	29,58,34,790
Deferred Tax Liability (Net)	E	16,52,79,517	17,81,20,884
TOTAL		476,60,10,132	330,28,58,386
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	F	321,51,06,791	302,54,13,872
Less: Depreciation		126,78,08,878	106,99,64,715
Net Block		194,72,97,913	195,54,49,157
Capital Work-in-Progress at cost, including advances (Refer Note No. 5 of Schedule "T")		118,93,45,487	24,27,67,673
		313,66,43,400	219,82,16,830
Investments	G	3,17,400	3,17,400
Foreign Currency Monetary Item Translation Difference Account		-	48,750
Current Assets, Loans & Advances			
Inventories	H	141,29,30,968	79,32,08,130
Sundry Debtors	I	138,30,15,928	79,22,06,436
Cash & Bank Balances	J	8,50,62,666	18,56,11,775
Other Current Assets	K	52,877	10,618
Loans & Advances	L	52,60,89,986	36,38,49,446
		340,71,52,425	213,48,86,405
Less: Current Liabilities and Provisions			
Current Liabilities	M	164,88,38,066	92,89,88,681
Provisions	N	12,92,65,027	10,16,22,318
Net Current Assets		162,90,49,332	110,42,75,406
TOTAL		476,60,10,132	330,28,58,386
Notes to the Accounts	T		

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

As per our Report attached.

For P.D. Kunte & CO.

Chartered Accountants

D. P. SAPRE

Partner

Mem No 40740

U. SHEKHAR

Managing Director

U. K. KAMAT

Executive Director - Finance

For and on behalf of the Board

S. R. SHANBHAG

Whole-Time Director

G. KAMATH

Head - Resource Mobilisation & Utilisation

G. RAMAKRISHNAN

Director

Home & Personal Care (Global)

Process & Company Secretary

Mumbai

Date : July 08, 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>SCHEDULE</u>	<u>31ST MARCH, 2011 Rupees</u>	<u>31ST MARCH, 2010 Rupees</u>
INCOME			
Gross Sales		979,37,97,333	673,04,50,032
Less : Excise Duty		51,95,84,570	28,78,75,513
Net Sales		927,42,12,763	644,25,74,519
Other Income	O	4,38,44,703	4,28,30,568
TOTAL		931,80,57,466	648,54,05,087
EXPENDITURE			
Material Cost & Inventory Adjustments	P	657,96,77,025	442,16,27,354
Personnel Costs	Q	58,28,38,070	48,60,08,397
Other Manufacturing, Selling and Administrative Expenses	R	92,28,80,668	75,09,26,321
TOTAL		808,53,95,763	565,85,62,072
Profit Before Interest & Depreciation		123,26,61,703	82,68,43,015
Interest & Finance Charges	S	19,49,14,307	12,47,29,808
Profit Before Depreciation		103,77,47,396	70,21,13,207
Depreciation	F	22,58,44,631	17,85,21,789
Profit Before Tax		81,19,02,765	52,35,91,418
Provision for Taxation			
- Current Tax		17,68,32,557	14,37,07,987
- Deferred Tax		(1,29,10,920)	1,96,56,954
- Prior Year Tax Adjustments		10,33,274	(2,50,105)
Add / (Less): Minority Interest		-	1,84,88,620
Net Profit for the year		64,69,47,854	37,89,65,202
Add : Profit brought forward from last year		103,93,28,690	78,19,69,137
Less : Transferred to General Reserve		6,16,00,000	4,04,00,000
Interim Dividend		6,20,45,816	4,28,18,440
Proposed Dividend		2,65,91,064	2,65,91,064
Dividend Distribution Tax		1,46,18,769	1,17,96,145
Balance carried to Balance Sheet		152,14,20,895	103,93,28,690
Earnings per Share Basic (Face value per share - Rs.10)		36.49	22.12
(Earning per Share Diluted Rs.27.47; Previous Year Rs.20.59)			
(Refer Note No. 6 and 7 of Schedule T)			
Notes to the Accounts	T		
Schedules "A" to "T" annexed hereto form part of these accounts			

As per our Report attached.

For P.D. Kunte & CO.
Chartered Accountants

D. P. SAPRE
Partner
Mem No 40740

U. SHEKHAR
Managing Director

U. K. KAMAT
Executive Director - Finance

For and on behalf of the Board

S. R. SHANBHAG
Whole-Time Director

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

G. RAMAKRISHNAN
Director
Home & Personal Care (Global)

Mumbai
Date : July 08, 2011

CONSOLIDATED SCHEDULES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS

	<u>31ST MARCH, 2011 Rupees</u>	<u>31ST MARCH, 2010 Rupees</u>
A. CAPITAL :		
Authorised :		
5,00,00,000 Equity Shares of Rs.10/- each (Previous Year: 5,00,00,000 Equity Shares of Rs.10/- each)	<u>50,00,00,000</u>	<u>50,00,00,000</u>
TOTAL	<u>50,00,00,000</u>	<u>50,00,00,000</u>
Issued, Subscribed & Paid-up :		
1,77,27,376 Equity Shares of Rs.10/- each, fully paid-up. (Previous Year : 1,77,27,376 Equity Shares of Rs.10/- each, fully paid up)	<u>17,72,73,760</u>	<u>17,72,73,760</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 : 1,19,32,813 Equity Shares of Rs.10/- each.)		
TOTAL	<u>17,72,73,760</u>	<u>17,72,73,760</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 Reserve on Consolidation :		
Balance as per last year	<u>3,11,23,573</u>	<u>3,11,23,573</u>
	<u>3,11,23,573</u>	<u>3,11,23,573</u>
Capital Redemption Reserve :		
Balance as per last year	-	8,04,43,000
Less: Capitalised during the year for Issue of Bonus Shares	-	<u>(8,04,43,000)</u>
	-	-
Securities Premium :		
Balance as per last year	<u>8,61,58,510</u>	3,13,52,390
Add : Received during the year	-	6,00,00,000
Less : Capitalised during the year for Issue of Bonus Shares	-	(51,93,880)
Less : Utilised during the year for expenses of issue of shares	<u>(1,47,87,735)</u>	-
	<u>7,13,70,775</u>	<u>8,61,58,510</u>
Foreign Currency Translation Reserve		
Balance as per last year	<u>(2,81,56,707)</u>	-
Add : Net adjustment for the year	<u>(99,36,230)</u>	<u>(2,81,56,707)</u>
	<u>(3,80,92,937)</u>	<u>(2,81,56,707)</u>
General Reserve :		
Balance as per last year	<u>18,07,27,131</u>	14,03,27,131
Add: Transfer during the year from Profit & Loss Account	<u>6,16,00,000</u>	<u>4,04,00,000</u>
	<u>24,23,27,131</u>	<u>18,07,27,131</u>
Profit & Loss Account :		
Balance of Profit as per Profit & Loss Account	<u>152,14,20,895</u>	<u>103,93,28,690</u>
TOTAL	<u>184,92,70,158</u>	<u>133,03,01,918</u>

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

	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 Rupees
C. SECURED LOANS :		
Term Loans from Banks (secured by a first pari passu charge on specified assets and a second pari passu charge on inventories and book debts) (Payable within one year Rs. 34,61,96,000/-, Previous Year Rs. 11,02,95,000/-) (Refer Note No. 6 of Schedule "T")	114,77,78,750	94,76,10,000
Term Loans from Others (secured by a first charge on movable and immovable assets, other than working capital assets, of Galaxy Chemicals (Egypt) S.A.E. (Payable within one year Rs. Nil, Previous Year Rs. Nil)	40,13,10,000	-
Cash Credit and Working Capital Demand Loan from Banks (secured by a first pari passu charge on inventories and book debts and a second charge on the specified assets)	70,19,18,880	37,37,17,034
TOTAL	<u>225,10,07,630</u>	<u>132,13,27,034</u>
D. UNSECURED LOANS :		
Working Capital Demand Loan from a Bank	1,75,43,695	2,00,86,194
Fixed Deposits*	23,92,45,000	20,31,80,000
Interest-free loan by way of Deferral of Sales-Tax from the Government of Maharashtra under the Package Schemes of Incentives.	6,63,90,372	7,14,38,596
Loan from Directors	-	11,30,000
TOTAL	<u>32,31,79,067</u>	<u>29,58,34,790</u>
* Includes Rs. 4,12,00,000 (Previous Year Rs.3,54,30,000) from Directors		
E. DEFERRED TAX LIABILITY (NET) :		
Deferred Tax Liabilities :		
Fixed Assets & Depreciation	18,91,59,167	19,12,00,686
Deferred Tax Assets :		
Retirement Benefits	(1,61,23,126)	(1,25,85,995)
Others	(77,56,524)	(4,93,807)
TOTAL	<u>16,52,79,517</u>	<u>17,81,20,884</u>
F. FIXED ASSETS:		

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at	Additions	Deletions	As at	As at	Additions	Deletions	As at	As at	As at		
	31.03.2010	during the year	during the year	31.03.2011	31.03.2010	during the year	during the year	31.03.2011	31.03.2011	31.03.2010		
	Rupees	Rupees	Adjustments# Rupees	Rupees	Rupees	Rupees	Adjustments Rupees	Rupees	Rupees	Rupees	Rupees	
1. Leasehold Land*	22,83,51,118	10,34,678	(2,53,417)	49,24,948	22,42,07,431	2,03,29,905	80,85,844	(1,73,290)	-	2,82,42,459	19,59,64,972	20,80,21,213
2. Factory Building	50,86,51,722	4,37,36,678	-	-	55,23,88,400	10,87,51,234	1,85,76,478	-	-	12,73,27,712	42,50,60,688	39,99,00,488
3. Building - Others	4,27,11,653	9,45,254	-	-	4,36,56,907	1,05,36,478	7,02,350	-	-	1,12,38,828	3,24,18,079	3,21,75,175
4. Plant & Machinery	200,88,23,616	12,96,01,965	(3,753)	1,36,09,686	212,48,12,142	85,35,17,170	17,57,17,627	(4,963)	1,04,59,446	101,87,70,388	110,60,41,754	115,53,06,446
5. Furniture & Fixtures	5,57,66,312	1,24,33,208	(15,323)	2,90,000	6,78,94,197	1,16,57,576	44,39,633	(11,262)	48,118	1,60,37,829	5,18,56,368	4,41,08,736
6. Vehicles	2,92,42,358	80,40,331	-	8,34,519	3,64,48,170	1,03,71,868	27,64,094	-	6,69,235	1,24,66,727	2,39,81,443	1,88,70,490
7. Office Equipments	15,18,67,093	3,15,80,960	(29,169)	1,77,19,340	16,56,99,544	5,48,00,484	155,58,605	(38,133)	1,65,96,021	5,37,24,935	11,19,74,609	9,70,66,609
TOTAL	302,54,13,872	22,73,73,074	(3,01,662)	3,73,78,493	321,51,06,791	106,99,64,715	22,58,44,631	(2,27,648)	2,77,72,820	126,78,08,878	194,72,97,913	195,54,49,157
Previous Year**	234,74,81,822	68,67,22,229	(33,35,449)	54,54,730	302,54,13,872	89,38,18,395	18,11,20,883	(625,300)	43,49,263	106,99,64,715	195,54,49,157	

Differences due to changes in exchange rates

* Deletion in Leasehold Land during the year amounting to Rs 49,24,948 represents refund received from GIDC upon finalisation of actual area of land at Jhagadia allotted to the Company.

** Additions during Previous year include additions on Acquisition of Subsidiary Companies.

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

	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 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
1,000 Equity Shares of Rs. 25/- each fully paid-up of Shamrao Vitthal Co-op. Bank Ltd. (Previous Year : 1,000 Equity Shares)	25,000	25,000
National Savings Certificates	2,000	2,000
Kisan Vikas Patra	5,000	5,000
6,357 Shares of face value of Rs.100/-each fully paid up of Tarapur Environment Protection Society (Previous Year : Nil)	-	-
	<u>2,02,200</u>	<u>2,02,200</u>
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. 27,95,760/- , Previous Year : Rs. 21,09,240/-)	1,15,200	1,15,200
TOTAL	<u>3,17,400</u>	<u>3,17,400</u>
H. INVENTORIES :		
(Taken, valued and certified by a Director, including lying with third parties)		
Raw Materials	39,90,60,750	15,53,80,575
Packing Materials	1,84,96,818	1,98,01,813
Finished Goods	56,20,70,774	34,97,90,154
Work-in-Process	36,97,53,676	22,00,04,804
Consumables, Stores & Others	6,35,48,950	4,82,30,784
TOTAL	<u>141,29,30,968</u>	<u>79,32,08,130</u>
I. SUNDRY DEBTORS (Unsecured) :		
(a) Over six months		
(i) Considered good	30,99,991	46,46,314
(ii) Considered doubtful	2,15,225	-
(b) Others		
(i) Considered good	137,99,15,937	78,75,60,122
(ii) Considered doubtful	31,29,025	33,66,750
	<u>138,63,60,178</u>	<u>79,55,73,186</u>
Less: Provision for doubtful debts	33,44,250	33,66,750
TOTAL	<u>138,30,15,928</u>	<u>79,22,06,436</u>
J. CASH AND BANK BALANCES :		
(a) Cash on hand	22,17,239	26,45,880
(b) Bank Balances		
(i) With Scheduled Banks :		
- In Current Account	2,44,05,966	10,65,54,483
- In Fixed Deposit Account	27,43,482	17,60,305
(ii) With Foreign Banks :		
- In Current Account	5,56,95,979	7,46,51,107
TOTAL	<u>8,50,62,666</u>	<u>18,56,11,775</u>

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

	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 Rupees
K. OTHER CURRENT ASSETS :		
Interest accrued on Bank Deposits	<u>52,877</u>	<u>10,618</u>
TOTAL	<u>52,877</u>	<u>10,618</u>
L. LOANS AND ADVANCES :		
(Unsecured, considered good)		
Advances recoverable in cash or kind for value to be received	41,95,09,754	29,08,31,127
Tender, Security & Other Deposits	3,55,53,255	1,63,08,856
Balances with Excise Authorities	2,64,39,913	2,41,17,178
Income Tax Paid (Net of Provisions)	4,45,87,064	3,25,92,285
TOTAL	<u>52,60,89,986</u>	<u>36,38,49,446</u>
M. CURRENT LIABILITIES :		
Sundry Creditors and Expenses Payable	98,73,45,920	58,39,88,853
Bills Payable	55,42,20,156	26,49,36,106
Creditors for Capital Expenditure	1,15,53,136	1,46,68,685
Advances from Customers	2,75,88,705	2,56,84,912
Unclaimed Dividend	17,03,125	18,99,900
Security & Other Deposits	8,59,653	8,59,653
Other Liabilities	3,40,46,479	1,76,44,675
Interest accrued but not due	3,15,20,892	1,93,05,897
TOTAL	<u>164,88,38,066</u>	<u>92,89,88,681</u>
N. PROVISIONS :		
Provision for Taxation (Net of Payments)	4,57,11,239	2,93,72,641
Proposed Dividend	2,65,91,064	2,65,91,064
Provision for Dividend Distribution Tax	43,13,735	45,19,151
Provision for Retirement Benefits	5,26,48,989	4,11,39,462
TOTAL	<u>12,92,65,027</u>	<u>10,16,22,318</u>
O. OTHER INCOME :		
Commission Income	1,05,55,016	40,34,733
Profit on sale of subsidiary	-	10,42,610
Dividend Income	66,840	87,500
Interest on Bank Deposits	2,58,454	3,64,228
Sale of Scrap	52,95,025	39,77,052
Income from Cash Discount	27,98,413	1,71,19,001
Interest - Others	3,99,133	88,93,148
Foreign Exchange Differences (Net)	2,03,41,043	-
Miscellaneous Income	41,30,779	73,12,296
TOTAL	<u>4,38,44,703</u>	<u>4,28,30,568</u>

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

	<u>31ST MARCH, 2011 Rupees</u>	<u>31ST MARCH, 2010 Rupees</u>
P. MATERIAL COST & INVENTORY ADJUSTMENTS :		
Raw Materials Consumed	614,50,78,693	383,39,61,047
Packing Materials Consumed	33,26,93,308	27,95,62,849
Purchases- Traded goods	45,64,53,676	31,15,44,250
Processing Charges	92,62,168	56,98,113
Foreign Currency Translation Difference on Stock	(17,81,328)	(79,55,380)
	<u>694,17,06,517</u>	<u>442,28,10,879</u>
(Increase)/Decrease in Stock of Finished Goods & Work-in-process :		
Add: Opening Stock		
Finished Goods	34,97,90,154	19,29,15,443
Addition on Acquisition - Finished Goods	-	11,99,09,337
Work-in-Process	22,00,04,804	25,57,86,653
Less: Closing Stock		
Finished Goods	56,20,70,774	34,97,90,154
Work-in-Process	36,97,53,676	22,00,04,804
Net (Increase)/Decrease	<u>(36,20,29,492)</u>	<u>(11,83,525)</u>
TOTAL	<u>657,96,77,025</u>	<u>442,16,27,354</u>
Q. PERSONNEL COSTS :		
Salaries, Wages & Allowances	49,21,11,667	41,19,05,399
Contribution to Provident Fund and Other Funds	4,47,12,313	3,39,82,721
Workmen & Staff Welfare Expenses	4,60,14,090	4,01,20,277
TOTAL	<u>58,28,38,070</u>	<u>48,60,08,397</u>

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

	31ST MARCH, 2011 Rupees	31ST MARCH, 2010 Rupees
R. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES :		
Consumable Chemicals	1,41,81,916	1,03,00,727
Power & Fuel	26,30,12,494	19,18,37,959
Repairs & Maintenance:		
- Plant & Machinery	5,80,54,232	6,07,50,065
- Building	52,70,667	97,04,764
- Others	1,15,91,911	1,02,15,451
Rent	2,45,35,200	2,37,80,904
Insurance	2,41,72,909	2,12,43,345
Rates & Taxes	1,59,82,197	97,84,682
Travelling & Conveyance	7,97,49,577	6,84,87,669
Printing & Stationery	1,03,74,781	78,65,555
Freight & Forwarding (Net of Recovery)	11,09,44,488	7,23,35,902
Subscription, Books & Periodicals	88,25,712	66,75,791
Postage & Telephones	1,92,54,093	1,91,40,951
Legal & Professional Fees	6,54,34,924	7,78,74,167
Advertising Expenses	76,25,259	32,85,411
Exhibitions & Seminar Expenses	1,96,86,430	64,03,251
Discount & Commission	1,31,40,201	95,24,543
Donations	12,48,676	12,32,418
Directors Sitting Fees	8,20,000	5,50,000
Bank Charges	2,09,37,593	1,70,68,480
Security Charges	1,16,63,471	91,19,367
Water Charges	96,34,922	89,69,953
Bad Debts written off	17,14,047	29,44,111
Loss on Sale/Discard of assets	42,60,833	2,21,394
Foreign Exchange Differences (Net) - Trade related	-	1,10,01,536
Advances written off	-	2,07,39,000
REACH Registration Expenses	6,19,20,626	-
Miscellaneous Expenses	5,88,43,509	6,98,68,925
TOTAL	92,28,80,668	75,09,26,321
S. INTEREST & FINANCE CHARGES :		
Interest on Term Loans	9,74,56,578	4,45,52,334
Interest on Working Capital	9,15,43,743	7,26,85,484
Interest - Others	5,20,893	32,80,834
Other Financial Charges, etc.	66,52,768	1,51,84,060
Net Foreign Exchange Fluctuation (Gain)/Loss on Foreign Currency Loans	(12,59,675)	(1,09,72,904)
TOTAL	19,49,14,307	12,47,29,808

NOTES TO THE CONSOLIDATED ACCOUNTS

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

T. NOTES TO THE CONSOLIDATED ACCOUNTS

1) Basis of Consolidation

The consolidated financial statements relate to Galaxy Surfactants Limited (the Company) and its subsidiary companies. The Company and its subsidiaries constitute the Group.

(a) Basis of Accounting :

- (i) The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company, i.e. for the year ended 31st March, 2011.
- (ii) The financial statements of the Group have been prepared in accordance with the applicable Accounting Standards in India and other generally accepted accounting principles.

(b) Principles of Consolidation :

The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Company and its subsidiary companies have been consolidated on a line- by- line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profit as per applicable Accounting Standards in India.
- (ii) The excess of the Company's portion of equity as at the dates on which the investments in subsidiary companies are made over the cost to the Company of its investment in subsidiaries is recognised in the financial statements as "Capital Reserve on Consolidation".
- (iii) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its separate financial statements. Differences if any, in accounting policies have been disclosed separately.
- (iv) The operations of the Company's subsidiaries are considered as non-integral operations for the purpose of consolidation.
- (v) Rate applied for conversion of foreign currency:
 - (a) For balance sheet - year end rate of respective currency except for share capital and pre incorporation/acquisition reserves which have been converted at the rate prevailing on the date of acquisition of the subsidiaries.
 - (b) For profit and loss in case of subsidiaries held throughout the year - average rate for the year.
 - (c) For profit and loss in case of subsidiaries held for part of the year - average rate for the period during which the Company was a subsidiary.
- (vi) Exchange differences arising on consolidation are recognised in Foreign Currency Translation Reserve.

(c) Particulars of subsidiaries :

Name of the Company	Country of Incorporation	Percentage of Voting power as at 31 st March, 2011
Galaxy Chemicals Inc.	U.S.A.	100%
Galaxy Holdings (Mauritius) Ltd.	Mauritius	100%
Galaxy Chemicals (Egypt) S.A.E.	Egypt	100%
Rainbow Holdings GmbH	Germany	100%
Tri-K Industries Inc.	U.S.A.	100%
Maybrook Inc.	U.S.A.	100%

2) Accounting policies adopted in preparation of financial statements:

(a) Basis for preparation of financial statements :

- (i) Accounting Convention :

The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material aspects with the Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) **Use of Estimates :**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to accounting estimates are recognised prospectively and revised, in current and future periods.

(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.

- (i) Sales are recognised when goods are supplied and are recorded net of sales tax, sales returns and trade discounts.
- (ii) Interest income is booked on a time proportion basis taking into account the amounts invested and the rate of interest.
- (iii) Dividend income on investments is accounted for as and when the right to receive the same is established.

(c) Fixed Assets :

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation or amortisation. The cost of fixed assets includes all costs incidental to acquisition or construction, 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 up to trial run.

(d) Depreciation on Fixed Assets :

Depreciation on fixed assets is provided at the rates determined on straight line method over the useful life estimated by the Management or on the basis of depreciation rates prescribed under respective domestic laws, whichever is higher. 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 primary 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. Provision is made for diminution in the value of investments where in the opinion of the Board of Directors such diminution is other than temporary. Short term investments are stated at lower of cost or market value.

(g) Foreign Currency Translations :

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of the 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, except that on consolidation of non-integral foreign operations, the assets, liabilities and goodwill arising on acquisition of the Company's overseas operations are translated at the exchange rate prevailing on the Balance Sheet date and items of income and expenditure are translated at the average exchange rate for the period. Exchange differences arising on consolidation are recognised in the Foreign Exchange Translation reserve until the disposal of the net investment.

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 relevant Fixed Assets.

(i) Employee Benefits :

- (i) Short term employee benefits are recognised as an expense in the profit and loss account of the year in which

service is rendered.

- (ii) Contribution to defined contribution schemes such as Provident Fund, Family Pension Fund and Superannuation Fund are charged to the profit and loss account.
- (iii) The Company makes annual contribution to Employees Group Gratuity cum Life Assurance Scheme in respect of qualifying employees and the same is recognized as an expense in the profit & loss account. Additional liability, if any, in respect of gratuity and liability in respect of leave encashment is recognised on the basis of valuation done by an independent actuary applying Project Unit Credit Method. The actuarial gain/loss arising during the year is recognized in the profit and loss account of 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 as determined in accordance with the provisions of the Income Tax Act, 1961, except for the overseas subsidiaries and joint ventures where current tax provision is determined based on the local tax laws.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(l) 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.

Diluted earnings 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 as adjusted for the effects of all diluted potential equity shares.

(m) Prior Period Items :

All identifiable items of Income and Expenditure pertaining to prior period are accounted through "Prior Period Adjustment Account".

(n) 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.

(o) Provision and Contingent Liabilities :

Provisions are recognised when the Group 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 Group has a possible obligation and it is probable that a cash outflow will not be required to settle the obligation.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3. Contingent Liabilities & Claims not provided for :

	2010-11 Rupees	2009-10 Rupees
(a) Counter Guarantees given to Banks	4,38,10,000	1,62,50,000
(b) Corporate Guarantee given to bank on behalf of subsidiary	2,22,95,000	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	1,19,17,345	-

4. **Estimated amount of contracts remaining to be executed on Capital Account :**

	2010-2011 Rupees	2009-2010 Rupees
Contracts remaining to be executed (Net of Advances)	65,67,88,151	19,59,07,363

5. All pre-operative costs directly attributable to new projects undertaken are accumulated as expenditures during construction period and are capitalised in the year of completion of project. Capital work in progress as at the year end includes the following balance of expenditure during construction period as at the respective year end:

	2010-11 Rupees	2009-10 Rupees
Opening Balance	4,11,25,907	12,50,726
Additions during the Year		
Freight & Forwarding	2,95,72,614	-
Interest & Other Finance charges	2,89,20,026	94,68,484
REACH expenses	1,23,80,187	-
Travelling & Conveyance	1,12,19,659	72,04,274
Rent	1,04,19,266	82,98,781
Personnel Cost	63,83,374	1,78,849
Legal & Professional Fees	58,49,961	76,61,567
Miscellaneous Expenses	39,38,631	16,82,671
Insurance	30,03,339	40,39,157
Power & Fuel	20,26,033	17,69,410
Rates & Taxes	8,32,104	57,74,040
Water Charges	5,16,110	1,30,572
Security Charges	3,00,813	-
Bank Charges	2,80,245	89,476
Postage & Telephones	2,78,220	20,250
Printing & Stationery	85,694	3,887
Subscription, Books & Periodicals	17,405	-
Total Pre-operative Expenses	15,71,49,588	4,75,72,144
Less : Capitalised During the year	-	64,46,237
Balance as at the year end	15,71,49,588	4,11,25,907

6. Secured loans include a term loan from a commercial bank, as per the terms of which if the Company continues to be in default for a period of 30 days or more from the due date of instalment of principal amounts of the Loan or interest thereon, the Bank shall have the right to convert the outstanding loan amount into Equity Shares of the Company at par. Accordingly these contingently issuable potential equity shares have been considered for calculation of diluted earning per share.

7. **Earning Per Share:**

Particulars	31 st March, 2011 Rupees	31 st March, 2010 Rupees
Profit after tax	64,69,47,855	37,89,65,201
The weighted average no. of equity shares for Basic EPS	1,77,27,376	1,71,29,020
Nominal Value of Equity Shares	Rs.10/-	Rs.10/-
Earning Per Share (Basic)	36.49	22.12
Profit after tax for Basic EPS	64,69,47,855	37,89,65,201
Add: Interest cost on Term loan (net of taxes)	36,41,096	-
Profit after tax for Diluted EPS	65,05,88,951	37,89,65,201
The weighted average no. of equity shares for Basic EPS	1,77,27,376	1,71,29,020
Add: Adjustments for conversion of Term loan (nos.)	59,58,904	12,73,973
The weighted average no. of equity shares for Diluted EPS	2,36,86,280	1,84,02,993
Earning Per Share (Diluted)	27.47	20.59

8. 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 2011 Rupees	31 st March 2010 Rupees
A. Revenues within India	406,43,10,005	281,37,14,767
B. Revenues outside India	521,07,50,899	362,88,59,752
Total	927,42,12,764	644,25,74,519

9. Related Parties Disclosures:

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

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

Key Management Personnel [Whole-time Directors]	Relatives 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	Entities where Key Management Personnel can exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
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			10000000	16500000		
S. R. Shanbhag				3000000		
Sneha Shanbhag						3000000
Others					1625000	5060000
b Loans/ Fixed Deposit Repaid						
U. Shekhar			480000	3110576		
S. R. Shanbhag			3100000	2813461		
Nandini Shekhar						1100000
Others			650000	11230		700000
c Loans/ Fixed Deposits as at 31st March, 2011						
U. Shekhar			38100000	28580000		
S. R. Shanbhag			3000000	6100000		
Others			100000	750000	11955000	10330000
3 Loans & Advances						
a Other Loan given						
Galaxy Surfactants Limited - Employees' Welfare Trust		25823425				
b Other loan Repaid						
Galaxy Surfactants Limited - Employees' Welfare Trust	10023425					
c Balance as at year end						
Galaxy Surfactants Limited - Employees' Welfare Trust	15800000	25823425				
4 Interest accrued but not due						
U. Shekhar			3410920	1176784		
S. R. Shanbhag			544511	218246		
Others					1097682	422898
5 Expenditure						
a Managerial Remuneration						
U. Shekhar			10609135	8854015		
G. Ramakrishnan			9760600	8651151		
S. R. Shanbhag			9789555	8627233		
U.K.Kamat			9760600	8607150		
b Interest paid on Fixed Deposits / Loans						
U. Shekhar			3510134	2537117		
S. R. Shanbhag			372372	568896		
Others			10416	11000	1314574	613013
6 Dividend paid						
Galaxy Chemicals	22810160	22599080				
Galaxy Emulsifiers Pvt. Ltd.	1357500	1357500				
Galaxy Surfactants Limited - Employees' Welfare Trust	712500					
U. Shekhar			10283600	10283600		
S. R. Shanbhag			10145210	10170210		
Others		206580	6080270	5950270	5068430	5048430

10. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Company's financial statements.

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

As per our Report attached.

For P.D. Kunte & CO.

Chartered Accountants

D. P. SAPRE

Partner

Mem No 40740

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

Mumbai

Date: July 08, 2011

CONSOLIDATED CASH FLOW

STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	2010-11		2009-10	
	Amount Rupees	Amount Rupees	Amount Rupees	Amount Rupees
A Cash Flow from Operating Activities				
Profit before Tax and Extraordinary items		81,19,02,765		52,35,91,418
Adjustments for:				
Add :				
Depreciation	22,58,44,631		17,65,44,710	
Minority interest	-		1,84,88,620	
Interest paid	19,49,14,307		12,47,29,808	
(Profit)/Loss on Sale of Assets	42,60,833	42,50,19,771	2,21,394	31,99,84,532
Less :				
Dividend Income	(66,840)		(87,500)	
Interest Income	(6,57,587)		(92,57,376)	
Profit on sale of subsidiary credited to P&L Account	-		(10,42,610)	
Prior Year Tax Adjustments	(10,33,274)	(17,57,701)	2,50,105	(1,01,37,381)
Operating Profit before Working Capital Changes		123,51,64,835		83,34,38,569
Working Capital Changes				
Inventories	(61,97,22,838)		1,39,90,025	
Trade & Other Receivables	(59,08,09,492)		8,49,57,722	
Other Advances	(15,02,45,761)		(5,81,61,468)	
Current Liabilities	71,98,49,385		15,36,35,228	
Other Liabilities	1,15,09,527	(62,94,19,179)	87,83,711	20,32,05,218
Cash generated from Operations		60,57,45,656		103,66,43,787
Income Taxes Paid		(17,24,19,185)		(11,04,45,545)
Net Cash Flow from Operating Activities (a)		43,33,26,471		92,61,98,242
B Cash Flow from Investing Activities				
Capital Expenditure		(116,90,25,940)		(77,39,64,929)
Sale of Fixed Assets		4,19,892		8,84,076
Investment in Subsidiaries		-		(18,82,83,157)
Remission on Disposal of Subsidiary		-		10,42,610
Investment Others		-		(25,000)
Dividend Income		66,840		87,500
Interest Income		6,57,587		92,57,376
Foreign Currency Translation Reserve		(98,62,216)		(2,89,39,753)
Net Cash used in Investing Activities (b)		(117,77,43,837)		(97,99,41,277)
C Cash Flow from Financing Activities				
Share Issue Expenses		(1,47,87,735)		-
Issue of Equity Shares		-		6,60,00,000
Net Secured Borrowings		92,96,80,596		21,68,14,598
Sales Tax Deferrals / MIDC Incentives		(50,48,224)		(67,36,574)
Fixed Deposits		3,60,65,000		10,51,75,000
Repayment of Loans from Directors		(11,30,000)		(59,35,267)
Receipt/ (Repayments) of Loan from Others		(25,42,499)		1,27,14,370
Foreign Currency Translation Difference		48,750		18,68,750
Interest & Finance Charges		(19,49,14,307)		(12,47,29,808)
Equity Dividend & Dividend Tax thereon		(10,34,61,065)		(10,01,90,868)
Net Cash Flow from Financing Activities (c)		64,39,10,516		16,49,80,201
Net Increase/(Decrease) in Cash and Cash Equivalents (a) + (b) + (c)		(10,05,06,850)		11,12,37,167
Cash and Cash Equivalents - Opening Balance		18,56,22,393		6,41,28,658
Addition on Acquisition of Subsidiary		-		1,02,56,568
Unrealised Foreign Exchange Gain/ (Loss)	3,01,00,651		11,03,26,111	
Cash and Cash Equivalents - Closing Balance	5,50,14,892	8,51,15,543	7,52,96,282	18,56,22,393
Net Increase/(Decrease) in Cash and Cash Equivalents		(10,05,06,850)		11,12,37,167

As per our Report attached.
For P.D. Kunte & CO.
Chartered Accountants

D. P. SAPRE
Partner
 Mem No 40740

U. SHEKHAR
Managing Director

U. K. KAMAT
Executive Director - Finance

For and on behalf of the Board

S. R. SHANBHAG
Whole-Time Director

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

G. RAMAKRISHNAN
Director
Home & Personal Care (Global)

Mumbai
 Date : July 08, 2011

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH, 2011

Sr No	Name of Subsidiary Company	Reporting Currency	Capital	Reserves *	Total Assets	Total Liabilities	Total Investments (Other than in Subsidiaries)	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation @	Profit After Taxation	Proposed Dividend	Country
1	Galaxy Chemicals Inc.	INR	5351	230397	315697	315697	-	93193	(6998579)	(10612)	(7009191)	-	USA
		USD	120	5167	7080	7080	-	2090	(156954)	(238)	(157192)	-	
2	Galaxy Holdings (Mauritius) Ltd.	INR	619323887	16272719	636124507	636124507	-	14116525	12306439	206764	12099675	-	Mauritius
		USD	13889300	364941	14266080	14266080	-	316585	275991	4637	271354	-	
3	Galaxy Chemicals (Egypt) S.A.E.	INR	403539500	-	842284945	842284945	-	-	-	-	-	-	Egypt
		USD	9050000	-	18889548	18889548	-	-	-	-	-	-	
4	Rainbow Holdings GmbH	INR	1584953	(42231567)	62738506	62738506	-	-	(9768443)	-	(9768443)	-	Germany
		EURO	25000	(666133)	989596	989596	-	-	(154081)	-	(154081)	-	
5	Tri-K Industries Inc.	INR	44590	235457183	369069468	369069468	-	784071730	35580581	13136927	22443638	-	USA
		USD	1000	5280493	8276956	8276956	-	17584026	797950	294616	503333	-	
6	Maybrook Inc.	INR	668850	50402262	69245372	69245372	-	121677626	26704594	9122401	17582194	-	USA
		USD	15000	1130349	1552935	1552935	-	2728810	598892	204584	394308	-	

The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on March 31, 2011 which are : 1 USD = Rs.44.59 : 1 EURO = Rs. 63.3981

* Reserves are net of accumulated losses, if any

@ Provision for Taxation includes Prior Period Tax Adjustments



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 FIFTH 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 **Friday, the 9th September, 2011.**

Name : _____

Folio No. / DP ID* : _____

Client ID* : _____

No. of Shares Held : _____

Signature of the Attending
Shareholder/Proxy

NOTES :

- (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.

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GALAXY SURFACTANTS LIMITED

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

PROXY FORM

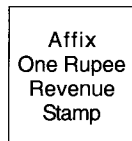
I/We _____ of _____ in the district of _____
 _____ being a Shareholder / Shareholders of the above-named company, hereby appoint _____
 _____ of _____ in the district of _____
 _____ or failing him/her _____ of _____
 _____ in the district of, _____ as my/our Proxy to attend and vote for me/us and on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

the **TWENTY FIFTH 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 on **Friday, the 9th September, 2011** and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Regd. Folio no. / DP ID* : _____

Client ID* : _____



[Signature of Member(s)]

* Applicable for investors holding shares in dematerialised form.

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.

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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