

*Galaxy Surfactants Ltd.*

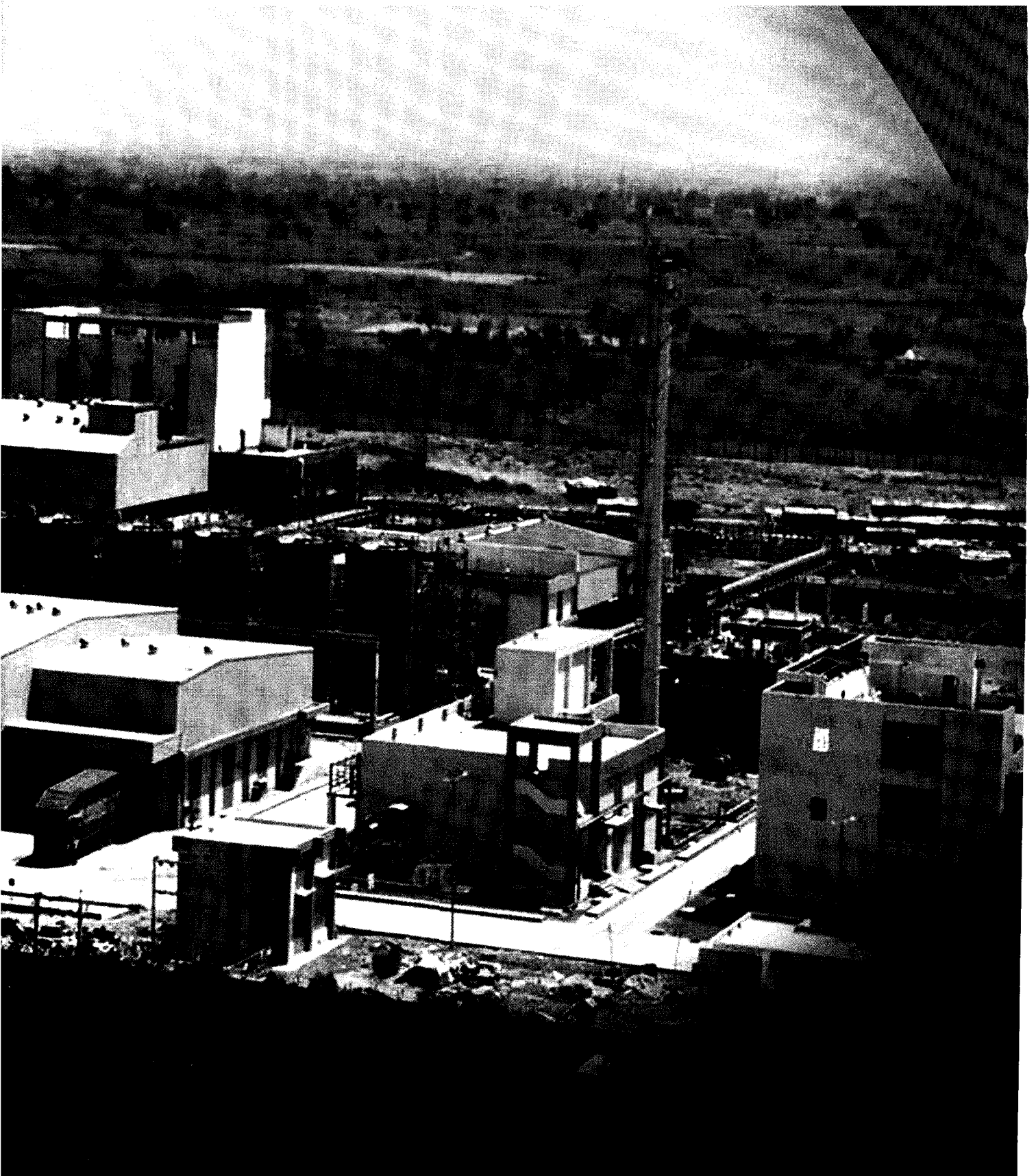


# **26th Annual Report**

*2011-2012*

A black and white photograph of an industrial facility, likely a surfactant plant. The image shows several large, cylindrical storage tanks or processing units arranged in a row. The tanks are connected by a network of pipes and walkways. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of scale and complexity. The background shows a building with windows, suggesting an indoor or semi-enclosed industrial environment.

**Our world class plant at Egypt  
commissioned in 2011**



*Our world class plant  
commissioned at Jhagadia (Gujarat)  
in 2012*

**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. (Regd.)  
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.  
Societe Generale

**Registered & Corporate Office**

C-49/2, TTC Industrial Area,  
Pawne, Navi Mumbai - 400703  
Maharashtra, India

**Plants**

Plot Nos. W-44 (C), N-46/1 & 2, W-67 (B), G-59, M-3,  
M.I.D.C. Taraur, 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)  
Plot no. 892, Jhagadia Industrial Estate, Taluka-Jhagadia via  
Ankleshwar, Dist. Bharuch, Gujarat Pin-393110 (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 [www.galaxysurfactants.com](http://www.galaxysurfactants.com)  
Send E-mail to [galaxy@galaxysurfactants.com](mailto:galaxy@galaxysurfactants.com)  
Call us at 91-22-2761 6666, 91-22-6513 444

## **Subsidiaries**

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Galaxy Chemicals Inc.  
2 Stewart Court, Denville,  
NJ 07834, USA.

Galaxy Holdings (Mauritius) Ltd.  
4th Floor, Ebene Skies, Rue de L'Institut  
Ebene,  
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.  
2 Stewart Court, Denville,  
NJ 07834, USA.

Maybrook Inc.  
2 Stewart Court, Denville,  
NJ 07834, USA.

## **TWENTY SIXTH ANNUAL GENERAL MEETING**

Day : Friday, 3rd August, 2012  
Time : 3:00 p.m.  
Place : At the Registered Office:  
C-49/2, TTC Industrial Area,  
Pawne, Navi Mumbai – 400703  
Maharashtra, India

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## Financial Performance

### 5 year track record

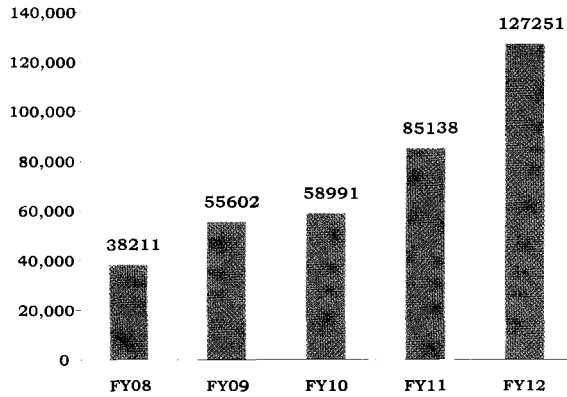
(Rs. in Lakhs)

	FY12	FY11	FY10	FY09	FY08
<b>Profit &amp; Loss Account</b>					
Sales	127251	85138	58991	55602	38211
Other Income	929	287	303	341	461
PBDIT	12145	11698	8574	6400	5402
PBIT	9714	9519	6849	4931	4201
Interest	3313	1957	1247	1726	837
Profit Before Taxation	6401	7562	5602	3205	3364
Profit After Taxation	4364	6152	4036	2672	2640
Basic Earning Per Share of Rs.10 #	12.31	17.35	11.78	7.80	7.71
Dividend Per Share of Rs.10 #	2.50	2.50	2.00	1.25	1.25
# Adjusted for bonus issue					
<b>Balance Sheet</b>					
Fixed Assets	29863	22975	19935	15584	12545
Investments	9261	6527	4286	50	49
Foreign Currency Monetary Item Translation Difference Account				19	
Net Current Assets	16819	13636	9011	10305	8113
	55943	43138	33232	25958	20707
Equity Capital	3545	1773	1773	856	856
Reserves & Surplus	19715	18475	13503	10536	8336
Loan Funds	30716	21178	16135	12951	9966
Deferred Tax Liability	1967	1712	1821	1615	1549
	55943	43138	33232	25958	20707
PBIT as % of Sales	7.6	11.2	11.6	8.9	11.0
Fixed Assets Turnover (No.of times)	4.3	3.7	3.0	3.6	3.0
PAT/ Sales (%)	3.4	7.2	6.8	4.8	6.9
Return on Capital Employed (%)	19.6	24.9	23.1	21.0	21.7
Return on Net Worth (%)	20.1	34.6	30.3	26.0	32.4

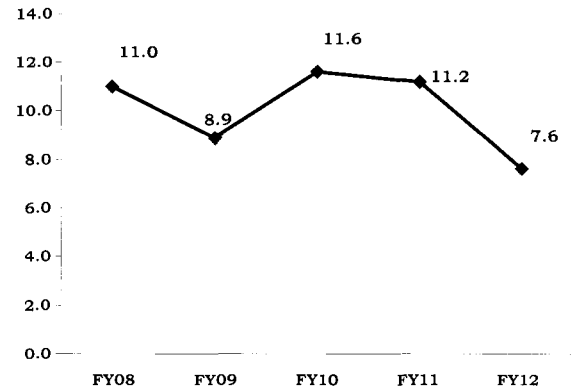
# Performance Trends



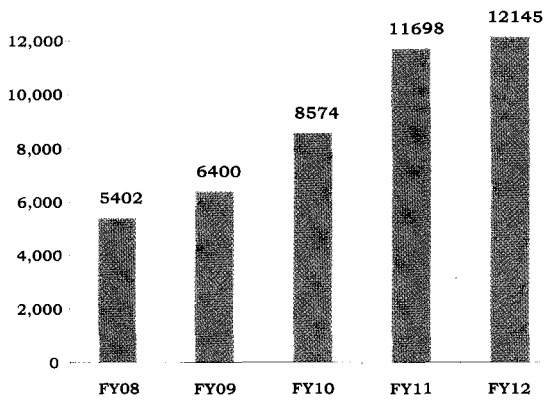
Sales (Rs. Lakhs)



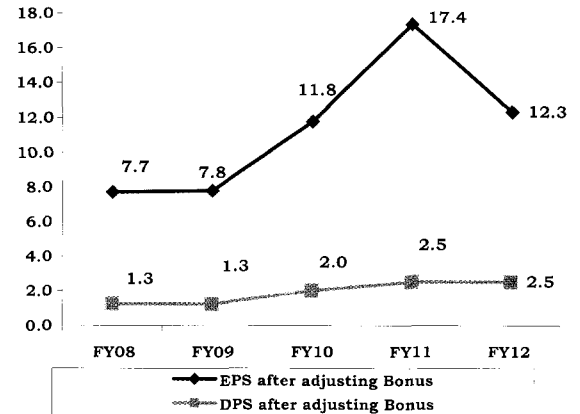
PBIT as % of Sales



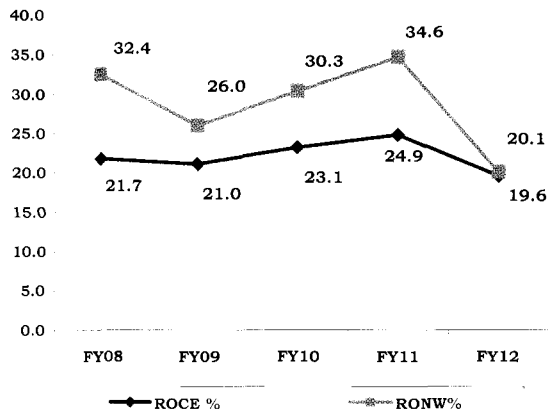
PBDIT (Rs. Lakhs)



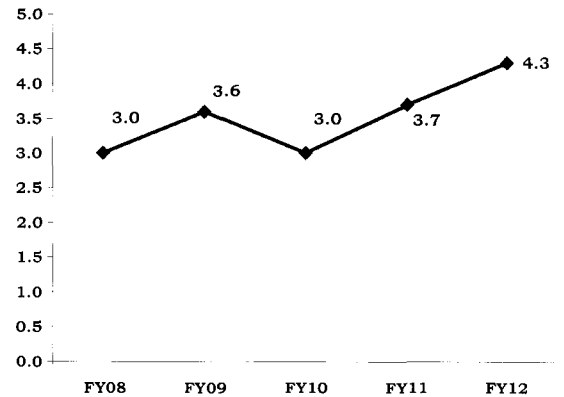
Basic Earning & Dividend Per Share (Rs.)



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



Fixed Assets Turnover (No. of times)



## Notice to the Shareholders

Notice is hereby given that the Twenty Sixth Annual General Meeting of Galaxy Surfactants Limited will be held on Friday, the 3rd day of August, 2012 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 Statement of Profit & Loss for the year ended 31st March, 2012, the Balance Sheet as at that date and the Reports of the Directors and Auditors.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. S. Ravindranath, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. G. Parameswaran, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. R. Shanbhag, who retires from office by rotation and being eligible, offers himself for re-appointment.
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. 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 297 and other applicable provisions of the Companies Act, 1956, if any, including any statutory modification(s) or re-enactment thereof for the time being in force and subject to the previous approval of the Central Government and subject to such other approvals as may be necessary, the approval of the shareholders be and is hereby accorded to the Board of Directors of the Company to enter into a contract / arrangement with Aeon Chemicals Pvt. Ltd. (hereinafter referred to as “Aeon”), a company in which one of the Directors is interested, for acquiring innovative technology for manufacture of Specialty Surfactant Blends, herein after referred to as “Sparkle Technology”, being exclusively offered on arms length basis for a lump sum consideration as technical knowhow fees not exceeding Rs 30 lakhs and royalty not exceeding 10% of the net margin, subject to a maximum of Rs 1.50 per kg on the products manufactured and sold on the terms and conditions as mentioned in the proposed contract to be entered into with the said Aeon, with effect from September 1, 2012.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all appropriate steps as are required to give effect to this resolution and also to alter, revise, modify, vary such terms and conditions during the tenure of the agreement without any further approval of the shareholders of the Company; but with such other approvals, sanctions or permissions, if any, required for such revision in the terms of the agreement, etc.”

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

By order of the Board,  
**For Galaxy Surfactants Limited,**

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

Date: June 16, 2012



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 **20th of July, 2012 to 3rd of August, 2012** (both days inclusive) for the purpose of determining entitlement for the payment of dividend for the year ended 31st March, 2012, if declared by the Company.
3. The dividend for the year ended 31st March, 2012, 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 2003-04 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 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 may claim the unclaimed dividend directly from the Company. For the information of shareholders, the Dividend declared for the year ended 2004-05 is due to be transferred to Investor Education and Protection Fund during September, 2012.
6. Members are requested to forward all future correspondence relating to investor relations to Registrar and Share Transfer Agent viz., Link Intime India Pvt. Ltd at the following address:  
**Link Intime India Pvt. Ltd**  
**Unit: Galaxy Surfactants Limited,**  
Building C-13, First Floor, Pannalal Silk Mill Compound,  
L.B.S. Road, Bhandup – West, Mumbai - 400 078  
Phone: 2596 3838, 25963857, Fax No. 2594 6969.  
Email: mumbai@linkintime.co.in  
For any need the investors are requested to approach the Company on its email ID: investorservices@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: June 16, 2012

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

Item No. 7

Aeon Chemicals Pvt. Ltd. (herein after referred to as “Aeon”), is promoted by Mr. Sudhir D. Patil, who is a Promoter Director of your Company. He has worked with the Company as a Whole-time Director (Technical) and has been associated with the Company for over 25 years i.e. up to 30th September 2006. Since then he has been a Non-Executive Director on your Company’s Board.

He is a well respected Chemical Engineer and holds a bachelor’s degree in Chemical Engineering from the renowned University Department of Chemical Technology (UDCT), Mumbai. He has over 32 years of experience in the field of chemicals and chemical engineering, more particularly surfactants, surfactant blends and specialty chemicals for home and personal care industry.

Aeon, the company promoted by Mr. Sudhir D. Patil, has developed innovative technology for manufacture of Specialty Surfactant Blends which meets stringent product specifications desired by your Company’s multinational customers. This will enable your Company to gain access to new business opportunities and improve profitability.

Your Company has been very keen to procure this kind of a technology and had explored various places including Germany, but without any success. Because of the expertise, long experience and efforts of Mr. Patil, Aeon has developed this innovative technology.

Considering the effort put in and the business opportunities brought in, your Board has considered it appropriate to acquire the said technology and know-how exclusively in its name from Aeon by payment of Technical Know-how Fees & Royalty.

Your Company proposes to enter into an agreement with Aeon and the principal terms of the agreement to be entered into are:

1. Technical Know-how fees to be paid to Aeon not exceeding Rs 30 lakhs. The fees will be paid in two equal instalments spread over a period of two years commencing from September 1, 2012.
2. Royalty payable will not exceed 10% of the net margin earned by your Company on the Specialty Surfactant Blends manufactured and sold through Aeon’s technology subject to a maximum of Rs. 1.50 per kg for a period of 10 years commencing from September 1, 2012.
3. For computing the Royalty payable, the Board of Directors will determine the methodology of arriving at the net margin after considering the various costs incurred for manufacture and sale of such products.

Your Company has ensured that the said technology is being acquired on arms length basis from Aeon, notwithstanding the fact that Mr. Patil is a Director of your Company. There is no conflict of interest as the decision was independently taken by the Board of Directors keeping in view the best interest of the Company. The acquisition of innovative technology will prove beneficial to the Company as it would greatly enhance its long term business prospects.

Except Mr. Sudhir D Patil, no other director is interested in the proposed Resolution.

The copy of the proposed draft agreement is kept open for inspection by the shareholders. Please refer to the Notes under the accompanying Notice.

Your Board recommends the above resolution for your approval.

**Registered Office:**

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

By order of the Board  
**For Galaxy Surfactants Limited**

**Ganesh Kamath**

Head – Resource Mobilisation & Utilisation Process &  
Company Secretary

Date: June 16, 2012

**TO THE MEMBERS**

Your Directors have great pleasure in presenting the Twenty Sixth Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2012

**FINANCIAL RESULTS**

<b>Particulars</b>	<b>2011-12</b>	(Rs. in Lakhs) 2010-11
<b>Net Sales :</b>		
Domestic	<b>51624.57</b>	39767.92
Exports*	<b>75625.94</b>	45370.18
<b>Total Net Sales</b>	<b>127250.51</b>	85138.10
<b>Profit before Interest, Tax &amp; Depreciation</b>	<b>12144.88</b>	11698.43
Less : Interest & Finance Charges	<b>3312.77</b>	1956.89
Less : Depreciation	<b>2431.16</b>	2179.25
<b>Profit Before Tax</b>	<b>6400.95</b>	7562.29
Less : Provision for Taxation		
- Current (Net of MAT credit)	<b>1766.69</b>	1509.25
- Deferred	<b>255.26</b>	(109.31)
- Prior Year Tax Adjustment	<b>15.21</b>	10.22
<b>Net Profit After Tax</b>	<b>4363.79</b>	6152.13
Add: Opening Balance in Statement of Profit and Loss	<b>15126.49</b>	10622.92
<b>Amount available for appropriations</b>	<b>19490.28</b>	16775.05
<b>Appropriations</b>		
Transfer to General Reserve	<b>437.00</b>	616.00
Interim Dividend paid on Equity Shares	-	620.46
Proposed Dividend/ Final Dividend on Equity Shares	<b>886.37</b>	265.91
Corporate Dividend Tax paid on Interim Dividend	-	103.05
Provision for Corporate Dividend Tax on Final Dividend	<b>143.79</b>	43.14
Surplus carried to Balance Sheet	<b>18023.12</b>	15126.49

\*includes deemed exports

**BONUS ISSUE**

During the year, your Company gave a bonus share of one for every one share held in your Company to the members whose names were appearing in the Register of Members on the record date of 19th December, 2011. This has increased the Equity Share Capital of your Company from Rs 17,72,73,760/- to Rs 35,45,47,520/-.

**GREENFIELD PROJECTS**

Greenfield projects at Suez, Egypt through a wholly owned step down subsidiary and Jhagadia, India have been commissioned in stages during the third and fourth quarter of the current financial year.

Phase 2 Plan at Egypt is under implementation and would be completed before December 31, 2012.

## DIVIDEND

As there were green field projects under implementation, to conserve cash, your Company has refrained from paying interim dividend during the year. Based on the Company's performance and prospects, the Directors are pleased to recommend for the approval of the members a dividend of 25% i.e. Rs 2.50 per share on a post bonus enhanced equity base. This maintains dividend payout per share by the Company on the pre-bonus equity share capital. The total dividend payout for the year will absorb Rs.10,30,15,998/- (Previous Year: Rs.10,32,55,649) including dividend distribution tax of Rs.1,43,79,118/-.

## BUSINESS & FINANCIAL PERFORMANCE

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

Measure / Year	2011-12	2010-11
Net Sales Growth (%)	<b>49.46</b>	44.32
PBDIT (% to Net Sales)	<b>9.54</b>	13.74
PBIT (% to Net Sales)	<b>7.63</b>	11.18
PBT (% of Net Sales)	<b>5.03</b>	8.89
PAT (% to Net Sales)	<b>3.43</b>	7.23
ROCE (%)	<b>19.61</b>	24.93
Return on Net Worth (%)	<b>20.06</b>	34.64
Debt : Equity Ratio	<b>1.32</b>	1.05
Earning per Share (Rs.)*	<b>12.31</b>	17.35
Cash Earning per Share (Rs.)*	<b>19.89</b>	23.19
Book Value per Share (Rs.)*	<b>65.61</b>	57.11

\*Earning and Book Value per share is on Post Bonus Equity

## BUSINESS PERFORMANCE

The business environment for the year 2011-12 was challenging in terms of fear of slow down in the developed markets, volatility in the financial, exchange and commodity markets, looming sovereign defaults, global debt problem and the political upheaval in the Middle East.

Your Company could navigate these challenges with moderate levels of stress on account of the inherent strengths in its business profile in terms of end consumer demand, structural hedge in the business serviced, customer and geographic spread of business.

The following highlights are noteworthy:

- Sales during the year registered a growth of 49.4 % over the previous year on a standalone basis, comprising 19.7 % of volume growth and 29.7% of price growth.
- Profit before Tax was lower at Rs 6400.95 lakhs as against Rs 7562.29 lakhs in the previous year, mainly on account of:
  - (a) impact of sudden value destruction in the commodities market in the first half of the financial year
  - (b) high inflation having cost push influence on operating overheads
  - (c) build up in overheads as a precursor to the green field expansions
  - (d) higher interest outgo on account of investments in ongoing projects in Egypt and India and the general increase in interest rates on account of Reserve Bank of India's monetary policy.
- Profit after Tax was lower at Rs 4363.79 lakhs as against Rs 6152.13 lakhs in the previous year due to lower profits for reasons mentioned above and also higher average tax rate in 2011-12 compared to the previous year, consequent to the withdrawal of income tax benefit available to EOUs with effect from April 1, 2011.
- Your Company has enhanced its geographical and customer reach to harness the additional

capacities that would be available to cater to the demand from the ensuing year.

- Efforts of your Company in broad basing the product offerings at the higher end of the value chain is showing reassuring progress and would enable it leverage the customers and the markets for better results.
- CRISIL has reaffirmed its investment grade rating for the enhanced bank credit facilities early this year reflecting on the underlying conviction in the industry, business and finance model of your Company.
- IFC has extended second project loan of USD 8 million to Galaxy Chemicals Egypt (GCE) increasing the total funding of the Project to USD 20 million.
- With the new plants getting operational, we are optimistic that the stretch emanating from funding of the two green field projects would get corrected during ensuing years.

## **SALES GROWTH & COMPOSITION**

- *International Business grew at a faster pace than the domestic business giving an overall volume growth of 19.7 %*
- The composition of international business in the total sales increased from 53.3% to 59.4%
- With new capacities in place which are mainly meant for the international market, our share of international business is slated to increase further during the ensuing year.

### *Domestic Sales*

Growth in the Personal & Home Care (PHC) industry driven by the demographic profile and growing incomes both in the urban and rural areas is attracting investment and capacity build-up by domestic as well as international players. Your Company has taken note of the above and has increased the level of engagement with the customers; opened branch offices to better service the needs of customers and has augmented the marketing and technical service team to defend the dominant position in the domestic market.

During the year, your Company has set up branch office in Chennai for greater proximity and access to the domestic customers.

### *International Sales*

The commissioning of production facilities in Egypt enhances access to the local markets of Middle East, Africa, Europe, and also explore markets of North & South America.

Being near to the market would enable your Company to walk the market, intensify customer engagement and provide supply chain assurance to customers.

Share of the international business in the aggregate business of the Company has been increasing enabling it to post higher volume growth. Participation in the larger global market has provided opportunities to broad base customers and product offerings.

Your Company has set up representative offices in Netherlands and Turkey to exploit the regional opportunities during 2012-13.

## **HUMAN RESOURCES**

Your Company believes that business is people. Hence, its endeavor has been to sustain the unique work culture and ethos, enhance employee engagement, build passion and drive in efforts, and empower them to realize their inherent potential.

Recruitment of talent, training and competency development is vigorously pursued for succession planning and 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 endeavors to improve efficacy in use of the resources and accomplish the deliverables.

## **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 on spreading hand hygiene for health, e-learning for under privileged children, encouraging inter school sports through sponsorships, working for cleanliness drives at public places and blood donations. Direct employee participation in the programmes has been very encouraging.

## **FIXED DEPOSITS**

Your Company's fixed deposits are Rs 2588.50 Lakhs with 839 fixed deposit holders at the end of the year under review as against Rs.2392.45 Lakhs last year. There are no overdue deposits as at 31st March, 2012.

## **SUBSIDIARY COMPANIES**

During the year 2011-12, 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 Company 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 10th March, 2012 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 respective subsidiary company. 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. S. Ravindranath
- Mr. M. G. Parameswaran
- Mr. S. R. Shanbhag

The retiring Directors offer themselves for reappointment.

### **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 reappointment.

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 reappointment.

### **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 as on 31st March, 2012 and of the profit of your Company for the year ended on that date;
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**

Navi Mumbai  
June 16, 2012

**U. Shekhar**  
Managing Director

**G. Ramakrishnan**  
Director -Home & Personal Care (Global)



**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 utilizing 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:**

<b>Power and Fuel Consumption</b>	<b>2011-12</b>	2010-11
<b>(I) ELECTRICITY</b>		
a) Purchased:		
Units in 1000 KWH	<b>18314</b>	15768
Total amount (Rs. in Lakhs)	<b>1245.18</b>	944.71
Rate/KWH (Rs.)	<b>6.80</b>	5.99
b) Own Generation :		
through Diesel Generator :		
Units in 1000 KWH	<b>10940</b>	10570
Total amount (Rs. in Lakhs)	<b>1002.16</b>	759.98
Rate/ KWH (Rs.)	<b>9.16</b>	7.19
<b>(II) FUEL</b>		
a) Light Diesel Oil		
Quantity in KL	<b>1156</b>	1078
Total Cost (Rs. in Lakhs)	<b>645.03</b>	474.33
Rate/KL (Rs)	<b>55807</b>	43996
b) Furnace Oil		
Quantity in KL	<b>648</b>	565
Total Cost (Rs. in Lakhs)	<b>251.59</b>	158.60
Rate/KL (Rs)	<b>38844</b>	28088
c) Natural Gas		
Units in MMBTU	<b>3187</b>	-
Total Cost (Rs. in Lakhs)	<b>24.60</b>	-
Rate/MMBTU (Rs)	<b>771.85</b>	-
d) Coal		
Quantity in MT	<b>4216</b>	3909
Total Cost (Rs. in Lakhs)	<b>299.95</b>	229.21
Rate/MT (Rs)	<b>7115</b>	5864

### (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:

- Commercialize amino acid based mild surfactants using eco friendly and sustainable process.
- Develop surfactant blend concentrate for hair-care application including baby shampoo.
- Develop syndet noodles to formulate mild, gritless and moisturizing bathing bar.
- Conduct performance study of patented sunscreen in new applications.

Achievements:

- Started supplying the amino acid based mild surfactants to international customers.
- Cold pearlizing blends got approved by international customers.
- Developed low salt sunscreen and filed a PCT patent claiming new applications and benefits.
- Developed formaldehyde-free and paraben-free preservative system with synergistic effect on microbes.

Particulars	(Rs.in Lakhs)	
	2011-12	2010-11
Expenditure on R & D	480.20	410.65

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	(Rs.in Lakhs)	
	2011-12	2010-11
Total Foreign Exchange used and earned:		
a) Expenditure incurred in Foreign Currency:		
Raw Material & Packing Material (C.I.F. Value)	47486.18	22361.48
Traded Goods	480.96	222.80
Capital Goods	534.92	255.09
Spares & others	39.12	41.24
Foreign Travel	69.82	55.99
Exports Commission	72.07	39.88
Professional Fees	40.12	49.23
Exhibitions, Subscription & Membership, Training and Seminar	53.90	79.25
Interest & Processing Charges on Borrowings	342.03	44.19
REACH Registration Expenses	12.69	572.19
Others	139.32	169.61
b) Earnings in Foreign Currency:		
F.O.B. Value of Exports (This does not include exports to Nepal, deemed exports)	73859.82	44195.78
Guarantee Commission	52.74	9.44
Sales Commission	-	0.43
Interest Income	34.80	-
Sample/ Testing	-	0.14

For and on behalf of the Board

Navi Mumbai  
June 16, 2012

**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 throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 500,000/- 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 31st March, 2012.

Name	Age	Designation	Gross Remuneration Rs.	Qualification	Experience	Date of Commencement of Employment	Previous Employment / Position Held
1. Mr. G. Ramakrishnan	57	Director – Home & Personal Care (Global)	1,05,38,600	M.Com., F.C.A., F.I.C.W.A.	35	May 20, 1986	Colgate Palmolive (I) Ltd. – Accountant
2. Mr. K. K. Natarajan	47	Chief of Operations	74,20,650	B.Com., A.I.C.W.A.	27	April 21, 1993	Indian Organic Chemicals Ltd. – Deputy Manager-Finance
3. Mr. S. R. Shanbhag	58	Whole-time Director	1,07,89,562	B.Com., A.C.A., Grad. C.W.A.	35	May 20, 1986	Colgate Palmolive (I) Ltd. – Accountant
4. Mr. U. Shekhar	57	Managing Director	1,05,62,396	B.Chem. Engg. (UDCT), PGDEM (IIM Cal)	35	May 20, 1986	Lupin Laboratories Ltd. – Management Trainee
5. Mr. U. K. Kamat	57	Executive Director – Finance	1,08,33,600	B.Com., A.C.A., Grad. C.W.A.	35	April 1, 2003	Practising Chartered Accountant
6. Mr. V. Kulkarni*	37	Head – Conversion and New Projects & Technology	34,85,809	B. Chem Engg.	16	June 17, 1995	NA

\* Indicates part of the year.

### Notes:

- The nature of employment in all cases is contractual and is subject to the rules and regulations of the Company in force from time to time.
- Remuneration as shown above includes Salary, Commission, Performance Bonus, HRA, Employee Provident Fund and perquisites/benefits like LTA, Medical etc., valued as per the Income Tax Act, 1961 and terminal benefits.
- Non-director employees are not related to any Director of the Company.

### For and on behalf of the Board

Navi Mumbai  
June 16, 2012

**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, 2012, the related Statement of Profit and Loss 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the 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 31st March 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, 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

Place: Navi Mumbai  
Date: June 16, 2012

**D.P. Sapre**  
Partner  
Membership No. 40740

**Referred to in Paragraph 3 of our Report of even date to the members of GALAXY SURFACTANTS LIMITED on the financial statements for the year ended 31st March, 2012.**

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, a part of fixed assets has been physically verified by the Management during the year in accordance with regular program of verification of fixed assets. 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 at any time during the year and the amount outstanding at the year-end was Rs. 158 lakhs.
- (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. 820.85 lakhs and Rs. 810.85 lakhs 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 lakhs 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. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules prescribed by the Central Government for maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie the prescribed records and accounts have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
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, 2012, which have not been deposited on account of a dispute, are as follows:

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount disputed (Rs.)</b>	<b>Forum where dispute is pending</b>	<b>Period to which dispute relate</b>
The Income Tax Act, 1961	Income Tax	1,85,271	Income Tax Appellate Tribunal	A.Y. 2008-09
		64,75,290	Commissioner of Income Tax (Appeals)	A.Y. 2009-10
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, 2012 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: Navi Mumbai  
Date: June 16, 2012

**D.P. Sapre**  
Partner  
Membership No. 40740

# BALANCE SHEET

## AS AT 31ST MARCH, 2012

	Note	31st March 2012 Rupees	31st March 2011 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Capital	1	35,45,47,520	17,72,73,760
Reserves & Surplus	2	197,14,72,886	184,74,67,782
<b>Non- Current Liabilities</b>			
Long Term Borrowings	3	136,71,28,116	111,04,97,648
Deferred Tax Liability (Net )	4	19,67,13,086	17,11,87,249
Other Long Term Liabilities	5	61,46,533	1,26,83,352
Long Term Provisions	6	5,22,03,226	4,19,45,538
<b>Current Liabilities</b>			
Short Term Borrowings	7	125,79,33,622	66,44,10,435
Trade Payables (including acceptances)	8	204,40,42,875	139,97,14,642
Other Current Liabilities	9	69,48,38,526	49,01,16,568
Short Term Provisions	10	15,81,81,388	5,84,74,909
<b>TOTAL</b>		<b>810,32,07,778</b>	597,37,71,883
<b>ASSETS:</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	258,39,86,608	189,34,34,106
Intangible Assets	11	1,87,71,772	1,79,33,704
Capital Work-in-Progress at cost (Refer note 31)		38,35,45,185	24,17,62,591
Non Current Investments			
Long Term Loans & Advances	12	92,60,67,673	65,26,82,795
Other Non-Current Assets	13	12,23,11,979	22,54,55,121
	14	11,103	6,700
<b>Current Assets</b>			
Inventories	15	165,89,94,971	125,06,69,870
Trade Receivables	16	175,54,89,588	123,56,55,725
Cash & Bank Balances	17	1,44,72,216	3,01,93,879
Short Term Loans & Advances	18	63,24,50,277	42,34,45,817
Other Current Assets	19	71,06,406	25,31,575
<b>TOTAL</b>		<b>810,32,07,778</b>	597,37,71,883

Notes A & B and 1 to 39 form an integral part of the Financial Statements

As per our Report attached.

**For P.D. Kunte & CO.(Regd.)**

*Chartered Accountants*

**D. P. SAPRE**

*Partner*

*Mem No 40740*

**For and on behalf of the Board**

**U. SHEKHAR**

*Managing Director*

**S. R. SHANBHAG**

*Whole-Time Director*

**G. RAMAKRISHNAN**

*Director*

*Home & Personal Care (Global)*

**U. K. KAMAT**

*Executive Director -  
Finance*

**G. KAMATH**

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

Navi Mumbai

Date : June 16, 2012



**STATEMENT OF PROFIT AND LOSS**  
FOR THE YEAR ENDED 31ST MARCH, 2012

	Note	31st March 2012 Rupees	31st March 2011 Rupees
<b>INCOME</b>			
Revenue from Operations (Gross)	20	<b>1348,42,78,638</b>	902,73,00,586
Less : Excise Duty		<b>68,78,97,803</b>	51,27,34,834
Revenue from Operations (Net)		<b>1279,63,80,835</b>	851,45,65,752
Other Income	21	<b>2,15,20,336</b>	2,79,38,259
<b>TOTAL REVENUE</b>		<b>1281,79,01,171</b>	854,25,04,011
<b>EXPENDITURE</b>			
Cost of Materials consumed	22	<b>1035,00,56,667</b>	648,14,58,549
Purchase of Traded Goods	23	<b>6,24,51,434</b>	5,00,71,528
Changes in Inventories of Finished goods, Stock in process and Stock in trade	24	<b>(20,46,38,313)</b>	(31,82,72,603)
Employee Benefit Expense	25	<b>44,65,30,938</b>	37,39,81,466
Other Manufacturing, Selling and Administra- tive Expenses	26	<b>94,90,11,775</b>	78,54,22,282
<b>TOTAL EXPENSES</b>		<b>1160,34,12,501</b>	737,26,61,222
Profit Before Interest, Tax, Depreciation & Am- ortization		<b>121,44,88,670</b>	116,98,42,789
Finance Costs	27	<b>33,12,77,061</b>	19,56,89,307
Profit Before Tax, Depreciation & Amortization		<b>88,32,11,609</b>	97,41,53,482
Depreciation & Amortization	11	<b>24,31,16,384</b>	21,79,24,774
Profit Before Tax		<b>64,00,95,225</b>	75,62,28,708
Tax Expenses			
- Current Tax		<b>18,73,00,000</b>	15,09,25,000
- MAT Credit		<b>(1,06,30,920)</b>	-
- Deferred Tax		<b>2,55,25,837</b>	(1,09,31,404)
- Prior Year Tax Adjustments		<b>15,20,966</b>	10,22,427
Total Tax Expenses		<b>20,37,15,883</b>	14,10,16,023
<b>Profit for the period from Continuing Operations</b>		<b>43,63,79,342</b>	61,52,12,685
<b>Profit for the year</b>		<b>43,63,79,342</b>	61,52,12,685
<b>Earnings per Share</b>			
Equity Shares of Face Value Rs. 10 each	34		
(1) Basic		<b>12.31</b>	17.35
(2) Diluted		<b>7.85</b>	14.94

Notes A & B and 1 to 39 form an integral part of the Financial Statements

As per our Report attached.

**For P.D. Kunte & CO.(Regd.)**

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

Navi Mumbai

Date : June 16, 2012

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	31st March 2012 Rupees		31st March 2011 Rupees	
<b>A Cash Flow from Operating Activities</b>				
Net Profit before tax as per Profit and Loss Account		64,00,95,225		75,62,28,708
<b>Adjustments for:</b>				
<b>Add :</b>				
Depreciation	24,31,16,384		21,79,24,774	
Bad debts written off	1,31,257		-	
Interest paid	33,12,77,061		19,56,89,307	
Loss on Sale of Assets	3,20,913	57,48,45,615	42,60,833	41,78,74,914
<b>Less :</b>				
Dividend Income	(83,100)		(66,840)	
Interest Income	(93,42,467)	(94,25,567)	(6,55,901)	(7,22,741)
<b>Operating Profit before Working Capital Changes</b>		<b>120,55,15,273</b>		<b>117,33,80,881</b>
<b>Working Capital Changes Adjusted for:</b>				
Inventories	(40,83,25,101)		(57,10,81,131)	
Trade Receivables	(51,99,65,120)		(53,26,14,855)	
Loans and Advances and other assets	(10,70,23,572)		(25,84,84,791)	
Trade payables and other liabilities	73,88,91,006		71,07,47,883	
Other Provisions	90,61,545	(28,73,61,242)	1,15,09,527	(63,99,23,367)
<b>Cash generated from Operations</b>		<b>91,81,54,031</b>		<b>53,34,57,514</b>
Taxes Paid		(15,28,77,630)		(15,50,22,901)
<b>Net Cash Flow from Operating Activities (a)</b>		<b>76,52,76,401</b>		<b>37,84,34,613</b>
<b>B Cash Flow from Investing Activities</b>				
Capital Expenditure		(107,83,53,947)		(42,81,42,511)
Sale of Fixed Assets		17,43,486		4,19,893
Investment in Subsidiary		(27,33,84,878)		(22,40,50,000)
Dividend Income		83,100		66,840
Interest Income		93,42,467		6,55,901
<b>Net Cash flow used in Investing Activities (b)</b>		<b>(134,05,69,772)</b>		<b>(65,10,49,877)</b>
<b>C Cash Flow from Financing Activities</b>				
Share Issue Expenses		(3,20,84,480)		(1,47,87,735)
Net borrowings		95,37,76,021		50,55,86,270
Foreign Currency Translation Difference		-		48,750
Interest and Finance Charges on Loans		(33,12,77,061)		(19,56,89,307)
Equity Dividend (including dividend Tax)		(3,09,04,799)		(10,34,61,065)
<b>Net Cash Flow from Financing Activities (c)</b>		<b>55,95,09,681</b>		<b>19,16,96,913</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (a) + (b) + (c)</b>		<b>(1,57,83,690)</b>		<b>(8,09,18,351)</b>
Cash and Cash Equivalents - Opening Balance		2,54,58,991		10,63,77,342
Unrealised Foreign Exchange Gain/ (Loss)	2,03,313		1,46,105	
Cash and Cash Equivalents - Closing Balance	94,71,988	96,75,301	2,53,12,886	2,54,58,991
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(1,57,83,690)</b>		<b>(8,09,18,351)</b>

As per our Report attached.

**For P.D. Kunte & CO.(Regd.)**

Chartered Accountants

**D. P. SAPRE**

Partner

Mem No 40740

**For and on behalf of the Board**

**U. SHEKHAR**

Managing Director

**S. R. SHANBHAG**

Whole-Time Director

**G. RAMAKRISHNAN**

Director

Home & Personal Care (Global)

**U. K. KAMAT**

Executive Director -  
Finance

**G. KAMATH**

Head - Resource Mobilisation & Utilisation Process  
& Company Secretary

Navi Mumbai

Date : June 16, 2012

**A. Corporate Information**

Galaxy Surfactants Ltd (“the Company”) is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in manufacturing and marketing surfactants and speciality chemicals for the Personal and Home Care Industry. The Company produces a range of vital cosmetic ingredients including active ingredients, UV protection and functional products. The Company’s products cater to some of the largest global brands in the FMCG sector and find applications in skin care, hair care, oral care, body wash, sun care, household cleaners and fabric care segments. The Company has manufacturing facilities located at Taloja, Tarapur (Maharashtra) and Jhagadia (Gujarat) and a depot outlet at Delhi.

**B. Significant 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. Export sales are accounted on FOB basis.

(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.

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

### **(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, are recognised in the Statement of Profit and Loss. Wherever forward contracts are entered into, the premium is dealt with in the Statement of Profit and Loss over the period of the contracts.

### **(h) Research & Development:**

Revenue expenditure on Research and Development is charged to the Statement of Profit and Loss 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 Statement of Profit and Loss of the year in which service is rendered.
- (ii) Contribution to defined contribution schemes such as Provident Fund and Family Pension Fund are charged to the Statement of Profit and Loss.
- (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 Statement of Profit and Loss. 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 Statement of Profit and Loss 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, after taking into account MAT credit, if any.

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) Earnings Per Share:**

Basic earnings per share are 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 are 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 dilutive 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 Statement of Profit and Loss. 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 Statement of Profit and Loss.

**(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.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2012

	31st March 2012 Rupees	31st March 2011 Rupees
<b>1 Share Capital</b>		
Authorised :		
5,00,00,000 Equity Shares of Rs.10/- each	<b>50,00,00,000</b>	50,00,00,000
(Previous Year: 5,00,00,000 Equity Shares of Rs.10/- each )	<b>50,00,00,000</b>	50,00,00,000
Issued, Subscribed & Paid-up :		
3,54,54,752 Equity Shares of Rs.10/- each, fully paid-up.		
(Previous Year : 1,77,27,376 Equity Shares of Rs.10/- each, fully paid up)	<b>35,45,47,520</b>	17,72,73,760
<b>TOTAL</b>	<b>35,45,47,520</b>	17,72,73,760

**a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

Equity Shares	31st March 2012		31st March 2011	
	Number of Shares	Amount (Rs.)	Number of Shares	Amount (Rs.)
<b>Opening Balance</b>	<b>1,77,27,376</b>	<b>17,72,73,760</b>	1,77,27,376	17,72,73,760
Add: Issue of Bonus shares during the period	<b>1,77,27,376</b>	<b>17,72,73,760</b>	-	-
Outstanding at the end of the period	<b>3,54,54,752</b>	<b>35,45,47,520</b>	1,77,27,376	17,72,73,760

**b. Terms/Rights attached to Equity Shares:**

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares & pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2012):**

	31st March 2012 Numbers	31st March 2011 Numbers	31st March 2010 Numbers	31st March 2009 Numbers	31st March 2008 Numbers
Equity shares allotted as fully paid bonus shares by capitalisation of Securities Premium and General Reserves	<b>1,77,27,376</b>	-	85,63,688	-	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

**d. Details of shareholders holding more than 5% shares in the Company:**

**Equity Shares**

Name of Shareholders	31st March 2012		31st March 2011	
	Number of Shares	% of Holding	Number of Shares	% of Holding
U.Shekhar, G.Ramakrishnan, S.R. Shanbhag & Sudhir D. Patil as Partners of M/s Galaxy Chemicals	<b>91,24,464</b>	<b>25.74</b>	45,62,032	25.73
Unnathan Shekhar	<b>41,13,440</b>	<b>11.60</b>	20,56,720	11.60
Sudhir D. Patil	<b>41,06,040</b>	<b>11.58</b>	20,53,020	11.58
Shashikant R. Shanbhag	<b>40,58,084</b>	<b>11.45</b>	20,29,042	11.45
Gopalkrishnan Ramakrishnan	<b>23,30,108</b>	<b>6.57</b>	11,65,054	6.57
Jayashree Ramakrishnan	<b>17,92,972</b>	<b>5.06</b>	8,96,486	5.06
	<b>2,55,25,108</b>	<b>72.00</b>	1,27,62,354	71.99

As per the records of the Company, including its register of shareholders/members and other declarations received from the shareholders regarding the beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

- e. 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.

	31st March 2012 Rupees	31st March 2011 Rupees
<b>2 Reserves &amp; Surplus</b>		
<b>Capital Reserve :</b>		
Capital Subsidy received from the Government of Maharashtra under the Package Scheme of Incentives, balance as per last year	<b>2,11,20,721</b>	2,11,20,721
	<b>2,11,20,721</b>	2,11,20,721
<b>Securities Premium :</b>		
Balance as per last year	<b>7,13,70,775</b>	8,61,58,510
Less: Capitalised during the year for Issue of Bonus Shares	<b>3,72,73,760</b>	-
Less: Utilised during the year for expenses on issue of shares	<b>3,20,84,480</b>	1,47,87,735
	<b>20,12,535</b>	7,13,70,775
<b>General Reserve :</b>		
Balance as per last year	<b>24,23,27,131</b>	18,07,27,131
Less: Capitalised during the year for Issue of Bonus Shares	<b>14,00,00,000</b>	-
Add: Transfer during the year from Statemet of Profit and Loss	<b>4,37,00,000</b>	6,16,00,000
	<b>14,60,27,131</b>	24,23,27,131

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2012**

	<b>31st March 2012 Rupees</b>	31st March 2011 Rupees
<b>Reserves &amp; Surplus (Contd...)</b>		
<b>Profit &amp; Loss Account :</b>		
Balance as per last year	<b>151,26,49,155</b>	106,22,92,119
Profit for the year from Continuing operations	<b>43,63,79,342</b>	61,52,12,685
Less: Appropriations		
Amount Transferred to General Reserve	<b>4,37,00,000</b>	6,16,00,000
Interim Equity Dividend	-	6,20,45,816
[Amount per share Rs.Nil (Previous year Rs. 3.50)]		
Proposed Equity Dividend (Previous year Final Dividend)	<b>8,86,36,880</b>	2,65,91,064
[Amount per share Rs.2.50 (Previous year Rs.1.50)]		
Dividend Distribution Tax on Equity Dividend	<b>1,43,79,118</b>	1,46,18,769
	<b>180,23,12,499</b>	151,26,49,155
<b>TOTAL</b>	<b>197,14,72,886</b>	184,74,67,782

	<b>31st March 2012 Rupees</b>	31st March 2011 Rupees
<b>3 LONG TERM BORROWINGS :</b>		
<b>Secured:</b>		
<b>Term Loans from Banks</b>		
Rupee Loans	<b>87,68,00,000</b>	40,00,00,000
Foreign Currency Loans	<b>31,38,35,000</b>	45,15,82,750
	<b>119,06,35,000</b>	85,15,82,750
<b>Unsecured:</b>		
Fixed Deposits*	<b>12,51,25,000</b>	19,98,90,000
Sales-Tax Deferral	<b>5,13,68,116</b>	5,90,24,898
*Includes Rs. 1,81,00,000/- (Previous Year Rs.2,66,00,000/-) from Directors	<b>17,64,93,116</b>	25,89,14,898
<b>TOTAL</b>	<b>136,71,28,116</b>	111,04,97,648

- 3.1 Term loans from banks are secured by first pari passu charge created / to be created by mortgage of immovable properties located at Talaja, Jhagadia and specified properties located at Tarapur and hypothecation of present & future movable assets, and by second pari passu charge created / to be created on current assets, both present and future.
- 3.2 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.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### 3.3 Terms of repayment for secured borrowings:

Term Loan outstanding as at year end	Rate of Interest	Repayment Terms
<b>Indian Rupee Loans</b>		
Term Loan of Rs. 2,093 Lakhs (March 31, 2011: Rs. 1,000 Lakhs).	13% (BPLR - 2.25%)	20 quarterly installments of Rs.125 lakhs each commencing from July 2011
Term Loans of Rs. 3,925 Lakhs (March 31, 2011: Rs.2,000 Lakhs).	11.75%	20 months tenor with a rollover date of June 2013
Term Loan of Rs. 2,125 Lakhs (March 31, 2011: Rs. 1,000 Lakhs).	12.25% (PLRz - 3%)	20 quarterly installments of Rs.125 lakhs each commencing from July 2011
Term Loan of Rs.2,250 Lakhs (March 31, 2011: Rs.1,000 Lakhs).	12.50%	20 quarterly installments of Rs.125 lakhs each commencing from July 2011
<b>Foreign Currency Loans</b>		
Term Loan of Rs Nil (March 31, 2011: Rs.1,114.75 Lakhs).	JPY 3M LIBOR +0.96% margin	Four installments of US\$ 1.25 mn each July 2010, Aug 2010, July 2011 and Aug 2011. The repayment of the loan has been completed during the year.
Term Loan of Rs. 4,565.46 Lakhs (March 31, 2011: Rs.5,363.03 Lakhs).	3M LIBOR +275bps	16 quarterly installments after a moratorium of 15 months from the date of each drawdown. Yearly repayments after drawdown would be: 1st year Nil, 2nd year 15%, 3rd year 25%, 4th year 30% & 5th year 30%.
3.4 Fixed deposits include cumulative and non cumulative fixed deposits from public with maturity periods ranging from 2 years to 3 years and carrying interest from 9% to 12% p.a. Interest on cumulative deposits is paid half yearly on compounding basis on maturity and interest in respect of non cumulative deposits is paid quarterly.		
3.5 Sales Tax Deferral denotes interest free Sales Tax Deferral under the Package Schemes of Incentives of 1993 and 1998 formulated by the Government of Maharashtra. The same is repayable after 10 years from the year of deferral in 5 annual installments in case of deferral under the 1993 Scheme and after 12 years from the year of deferral in 6 annual installments in case of deferral under the 1998 Scheme.		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	31st March 2012 Rupees	31st March 2011 Rupees
<b>4 Deferred Tax Liability (Net)</b>		
<b>Deferred Tax Liabilities :</b>		
Fixed Assets & Depreciation	21,56,36,954	19,50,66,899
<b>Deferred Tax Assets :</b>		
Retirement Benefits	(1,86,88,188)	(1,61,23,126)
Others	(2,35,680)	(77,56,524)
<b>TOTAL</b>	<b>19,67,13,086</b>	<b>17,11,87,249</b>
<b>5 Other Long term liabilities</b>		
Interest accrued but not due on fixed deposits	52,50,739	1,18,23,699
Unsecured Deposits	8,95,794	8,59,653
<b>TOTAL</b>	<b>61,46,533</b>	<b>1,26,83,352</b>
<b>6 Long Term Provisions</b>		
<b>Provision for Retirement Benefits</b>		
Provision for Leave Encashment	3,25,07,221	2,52,41,369
Provision for Gratuity	1,96,96,005	1,67,04,169
<b>TOTAL</b>	<b>5,22,03,226</b>	<b>4,19,45,538</b>
<b>7 Short Term Borrowings</b>		
<b>Working capital Loans from Banks</b>		
<b>Secured:</b>		
Rupee Loans (See note 7.1 below)	37,77,32,099	29,75,28,392
Foreign Currency Loans (See note 7.1 below)	87,50,91,740	34,93,38,348
	<b>125,28,23,839</b>	<b>64,68,66,740</b>
<b>Unsecured:</b>		
Rupee Loans	51,09,783	1,75,43,695
<b>TOTAL</b>	<b>125,79,33,622</b>	<b>66,44,10,435</b>
7.1 Working Capital Loans from banks are secured by first pari passu charge created / to be created by hypothecation of current assets, both present & future, and second pari passu charge created / to be created by mortgage of immovable properties located at Taloja, Jhagadia and specified properties located at Tarapur and hypothecation of present and future movable assets.		
<b>8 Trade Payables</b>		
Due to Micro, Small and Medium Enterprises	13,72,557	27,40,475
Others	204,26,70,318	139,69,74,167
<b>TOTAL</b>	<b>204,40,42,875</b>	<b>139,97,14,642</b>

- 8.1 Others includes:
- a. acceptances of Rs.58,00,93,036/- (Previous year Rs.55,42,20,156/-)
  - b. payable to subsidiaries Rs 80,47,045/- ( Previous year: Rs Nil) (Refer note 37)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2012**

8.2 The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') based on available information with the Company. The disclosures pursuant to the said MSMED Act are as follows:

<b>Particulars</b>	<b>31st March 2012 Rupees</b>	31st March 2011 Rupees
a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
c) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
d) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
e) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
g) Further interest remaining due and payable for earlier years	-	-
<b>9 Other Current Liabilities</b>		
Current Maturities of Long term loans (Refer Note 3.1 & 3.3)	<b>30,52,11,250</b>	29,61,96,000
Current Maturities of Fixed Deposits (Refer Note 3.4 & 9.1)	<b>12,96,70,000</b>	3,86,35,000
Current Maturities of Deferral of Sales Tax (Refer Note 3.5)	<b>75,51,545</b>	73,65,475
Interest accrued but not due on borrowings	<b>4,36,79,702</b>	1,96,97,193
Advance from Customers	<b>3,93,99,549</b>	2,75,88,705
Unclaimed dividends (Refer Note 9.2)	<b>17,16,970</b>	17,03,125
Unclaimed Redeemed 12% Preference share capital	<b>2,74,330</b>	2,82,000
Unclaimed matured deposits and interest thereon	<b>41,42,615</b>	7,56,569
Creditors for Capital Expenditure (Refer Note 9.3)	<b>7,69,41,961</b>	1,15,53,136
Other liabilities (Refer Note 9.4)	<b>8,62,50,604</b>	8,63,39,365
<b>Total</b>	<b>69,48,38,526</b>	49,01,16,568

9.1 Includes Rs. 1,65,00,000/- (Previous Year Rs.1,46,00,000/-) due to Directors

9.2 There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

9.3 Includes due to Micro, Small and Medium Enterprises Rs.15,39,224/- (Refer note 8.2)

9.4 Includes statutory dues Rs. 3,04,91,011/- (Previous Year Rs.2,91,81,175/-)

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2012

10 Short Term Provisions	31st March 2012 Rupees	31st March 2011 Rupees
Provision for Taxation (Net of Payments)	4,54,08,082	1,66,76,659
Provision for Wealth Tax	2,50,000	1,90,000
Proposed Dividend	8,86,36,880	2,65,91,064
Provision for Dividend Distribution Tax	1,43,79,118	43,13,735
<b>Provision for Retirement Benefits</b>		
Provision for Leave Encashment	18,34,685	35,30,126
Provision for Gratuity	76,72,623	71,73,325
<b>Total</b>	<b>15,81,81,388</b>	<b>5,84,74,909</b>

### 11. Fixed Assets

Particulars	Gross Block				Depreciation / Amortisation			Net Block		
	As at 01.04.2011 Rupees	Additions during the year Rupees	Deletions during the year Rupees	As at 31.03.2012 Rupees	As at 01.04.2011 Rupees	Additions during the year Rupees	Deletions during the year Rupees	As at 31.03.2012 Rupees	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>TANGIBLE ASSETS:</b>										
Leasehold Land	18,55,06,578	8,65,38,470	17,65,686	27,02,79,362	1,61,85,552	42,70,801	-	2,04,56,353	24,98,23,009	16,93,21,026
Buildings	59,60,45,307	19,46,86,296	-	79,07,31,603	13,85,66,540	2,05,83,922	-	15,91,50,462	63,15,81,141	45,74,78,767
Plant & Equipment	212,33,86,648	59,60,88,548	1,43,89,495	270,50,85,701	101,84,23,989	19,32,66,617	1,36,96,426	119,79,94,180	150,70,91,521	110,49,62,659
Furniture & Fixtures	6,46,49,789	2,98,82,459	2,48,695	9,42,83,553	1,52,00,140	55,29,209	2,34,197	2,04,95,152	7,37,88,401	4,94,49,649
Vehicles	3,64,48,167	31,53,938	23,27,739	3,72,74,366	1,24,66,724	31,49,431	12,14,670	1,44,01,485	2,28,72,881	2,39,81,443
Office Equipment	12,19,53,867	2,12,33,055	8,43,399	14,23,43,523	3,37,13,305	1,04,00,199	5,99,636	4,35,13,868	9,88,29,655	8,82,40,562
<b>SUB TOTAL (A)</b>	312,79,90,356	93,15,82,766	1,95,75,014	403,99,98,108	123,45,56,250	23,72,00,179	1,57,44,929	145,60,11,500	258,39,86,608	189,34,34,106
<b>INTANGIBLE ASSETS:</b>										
Software	3,50,79,070	67,54,273	-	4,18,33,343	1,71,45,366	59,16,205	-	2,30,61,571	1,87,71,772	1,79,33,704
<b>SUB TOTAL (B)</b>	3,50,79,070	67,54,273	-	4,18,33,343	1,71,45,366	59,16,205	-	2,30,61,571	1,87,71,772	1,79,33,704
<b>TOTAL (A+B)</b>	316,30,69,426	93,83,37,039	1,95,75,014	408,18,31,451	125,17,01,616	24,31,16,384	1,57,44,929	147,90,73,071	260,27,58,380	191,13,67,810
Previous Year	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

- 11.1 Deletion in Leasehold Land represents refund received from Gujarat Industrial Development Corporation upon finalisation of actual area of land at Jhagadia allotted to the Company.
- 11.2 Addition during the year includes (a) borrowing costs amounting to Rs.4,29,23,346/- capitalised in accordance with the requirements of Accounting Standard 16 (AS 16), "Borrowing Costs" and (b) pre-operative expenditure amounting to Rs.3,13,18,896/- incurred during construction period for Jhagadia project. (Refer note 31)

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2012**



12 Non Current Investment	31st March 2012 Rupees	31st March 2011 Rupees
<b>1. Trade Investments (Valued at Cost unless stated otherwise)</b>		
<b>Investment in Subsidiary Companies:</b>		
<b>Unquoted Equity Instruments</b>		
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
<b>Unquoted Investment in Preference Shares</b>		
1,94,00,000 Preference Shares of face value US \$1 each fully paid up of Galaxy Holdings (Mauritius) Ltd (Previous Year: 1,33,89,300 Preference Shares)	89,74,07,418	62,40,22,540
	<b>92,57,50,272</b>	65,23,65,394
<b>2. Non Trade Investments (Valued at Cost unless stated otherwise)</b>		
<b>a) Investment in Equity Instruments (Unquoted)</b>		
2,020 Equity Shares of Rs. 10/- each fully paid-up of The Saraswat Co-op. Bank Ltd. (Previous Year : 2,020 Equity Shares)	20,200	20,200
15,000 Equity Shares of Rs.10/- each fully paid-up of The North Kanara G.S.B. Co-op. Bank Ltd. (Previous Year : 15,000 Equity Shares)	1,50,000	1,50,000
1000 Equity Shares of Rs.25/- each fully paid-up of Shamrao Vitthal Co-op Bank Ltd. (Previous Year : 1,000 Equity Shares)	25,000	25,000
	<b>1,95,200</b>	1,95,200
<b>b) Investment in Equity Instruments (Quoted)</b>		
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 16,90,920/- , Previous Year : Rs 27,95,760/-)	1,15,200	1,15,200
	<b>1,15,200</b>	1,15,200
<b>c) Investment in Government or Trust Securities (Unquoted)</b>		
National Savings Certificates	2,000	2,000
Kisan Vikas Patra	5,000	5,000
	<b>7,000</b>	7,000

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2012**

	<b>31st March 2012 Rupees</b>	31st March 2011 Rupees
<b>Non Current Investment (Contd...)</b>		
<b>d) Other Investments</b>		
6357 Shares of face value of Rs.100/-each fully paid up of Tarapur Environment Protection Society (Previous Year : 6357 Shares)	1	1
	1	1
<b>TOTAL</b>	<b>92,60,67,673</b>	65,26,82,795
<b>Aggregate amount of Quoted Investment</b>	<b>1,15,200</b>	1,15,200
<b>Aggregate amount of Unquoted Investment</b>	<b>92,59,52,473</b>	65,25,67,595
<b>13 Long Term Loans And Advances:</b>		
<b>Unsecured, considered good</b>		
Capital Advances	<b>2,56,01,058</b>	14,43,69,249
Security Deposits	<b>3,39,66,034</b>	2,18,69,966
Loans and advances to related parties (Refer note 37)	<b>1,58,00,000</b>	1,58,00,000
Advances recoverable in cash or kind for value to be received	<b>1,38,26,207</b>	1,37,76,233
Income Tax Paid (Net of Provisions)	<b>3,31,18,680</b>	2,96,39,673
<b>TOTAL</b>	<b>12,23,11,979</b>	22,54,55,121
<b>14 Other Non Current Assets</b>		
Interest accrued on TDR	<b>11,103</b>	6,700
<b>TOTAL</b>	<b>11,103</b>	6,700
<b>15 Inventories</b>		
Raw Materials	<b>36,85,48,266</b>	27,92,58,502
Raw Materials in Transit	<b>20,93,46,796</b>	11,00,13,714
Work-in-Process	<b>42,50,42,446</b>	36,66,96,853
Packing Materials	<b>2,36,31,367</b>	1,69,01,540
Packing Materials in Transit	<b>16,99,401</b>	15,95,278
Finished Goods	<b>52,60,65,577</b>	40,14,69,341
Stock in Trade	<b>3,28,82,176</b>	57,06,017
Stock in Trade in Transit	-	54,79,675
Consumables, Stores & Others	<b>7,14,61,729</b>	6,26,10,859
Consumables, Stores & Others in Transit	<b>3,17,213</b>	9,38,091
<b>TOTAL</b>	<b>165,89,94,971</b>	125,06,69,870

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2012**



	31st March 2012 Rupees	31st March 2011 Rupees
<b>16 Trade Receivables</b>		
<b>Unsecured, considered good</b>		
Debts outstanding over six months	63,37,921	22,90,596
Other Debts*	174,91,51,667	123,33,65,129
<b>TOTAL</b>	<b>175,54,89,588</b>	<b>123,56,55,725</b>
* Includes Rs 41,24,92,798/- ( Previous year: Rs 6,19,18,695/-) receivable from subsidiaries (Refer note 37)		
<b>17 Cash &amp; Bank Balances</b>		
<b>A) Cash and Cash Equivalent</b>		
Balance with Banks on Current Accounts	68,78,136	2,32,73,082
Cash on hand	27,97,165	21,85,909
	<b>96,75,301</b>	<b>2,54,58,991</b>
<b>B) Other Bank Balances</b>		
Term deposits with maturity more than 3 months but less than 12 months	6,55,403	6,00,000
Term deposits with maturity more than 12 months	21,43,941	21,43,482
In Unpaid Dividend Accounts	17,23,303	16,66,833
In Unpaid Preference shares redemption Account	2,74,268	3,24,573
	<b>47,96,915</b>	<b>47,34,888</b>
<b>TOTAL</b>	<b>1,44,72,216</b>	<b>3,01,93,879</b>
<b>18 Short Term Loans And Advances:</b>		
<b>Unsecured, considered good</b>		
Security Deposits	22,13,475	21,47,500
Loans and advances to related parties (Refer note 37)	3,69,56,152	2,34,86,789
Advances recoverable in cash or kind for value to be received	59,32,80,650	39,78,11,528
<b>TOTAL</b>	<b>63,24,50,277</b>	<b>42,34,45,817</b>
<b>19 Other Current Assets</b>		
Interest accrued on Term Deposits	49,849	46,177
Other Receivables	70,56,557	24,85,398
<b>TOTAL</b>	<b>71,06,406</b>	<b>25,31,575</b>

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2012

		31st March 2012 Rupees	31st March 2011 Rupees	
<b>20</b>	<b>Revenues from operations</b>			
	<b>Sale of Products</b>	<b>1341,29,48,901</b>	902,65,45,095	
	<b>Other operating revenues</b>			
	Export Incentives	7,13,29,737	7,55,491	
	<b>Revenues from operations (Gross)</b>	<b>1348,42,78,638</b>	902,73,00,586	
	Less : Excise Duty	68,78,97,803	51,27,34,834	
	<b>Revenues from operations (Net)</b>	<b>1279,63,80,835</b>	851,45,65,752	
<b>20.1</b>	<b>Particulars of Sale of Products</b>			
	Organic Surface Active Agents/Preparations	1178,77,34,596	769,37,22,884	
	Fatty Alkanolamides/Fatty Acid Esters	47,31,36,281	41,95,62,006	
	Other Specialty Chemicals	113,76,72,372	87,47,51,604	
	Others	1,44,05,652	3,85,08,601	
	<b>TOTAL</b>	<b>1341,29,48,901</b>	902,65,45,095	
<b>21</b>	<b>Other Income</b>			
	Interest			
	- On Term Deposits	4,23,689	2,56,768	
	- Others	89,18,778	3,99,133	
	Dividend on Investments	83,100	66,840	
	Scrap Sales	65,09,376	52,95,025	
	Foreign Exchange Differences (Net)	-	1,64,04,397	
	Miscellaneous Income	55,85,393	55,16,096	
	<b>TOTAL</b>	<b>2,15,20,336</b>	2,79,38,259	
<b>22</b>	<b>Cost of Materials consumed</b>			
	Raw Materials Consumed	995,86,13,832	615,50,95,189	
	Packing Materials Consumed	39,14,42,835	32,63,63,360	
	<b>TOTAL</b>	<b>1035,00,56,667</b>	648,14,58,549	
<b>22.1</b>	<b>Particulars of Materials consumed</b>			
	Acids, Alkalies & Amines	92,15,03,679	62,65,47,716	
	Fatty Alcohol, Fatty Acid, Oils & Ethylene Oxide	825,49,14,722	482,41,44,364	
	Other Raw materials	78,21,95,431	70,44,03,109	
	Packing Materials	39,14,42,835	32,63,63,360	
	<b>TOTAL</b>	<b>1035,00,56,667</b>	648,14,58,549	
<b>22.2</b>	<b>Value of Materials Consumed</b>	<b>31st March 2012</b>	<b>31st March 2011</b>	
		<b>Rupees</b>	<b>Rupees</b>	
	Imported	484,38,51,057	235,70,50,724	36.37
	Indigeneous	550,62,05,610	412,44,07,825	63.63
	<b>TOTAL</b>	<b>1035,00,56,667</b>	648,14,58,549	100.00



**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH, 2012**



	31st March 2012 Rupees	31st March 2011 Rupees
<b>23 Purchase of traded goods</b>		
Specialty Chemicals	5,55,52,899	3,38,55,998
Others	68,98,535	1,62,15,530
<b>TOTAL</b>	<b>6,24,51,434</b>	<b>5,00,71,528</b>
<b>24 (Increase)/Decrease in Inventories:</b>		
<b>Inventories at the beginning of the year</b>		
Finished Goods	40,14,69,341	217,754,246
Work-in-Process	36,66,96,853	220,004,804
Traded goods	1,11,85,692	23,320,233
	<b>77,93,51,886</b>	<b>461,079,283</b>
<b>Inventories at the end of the year</b>		
Finished Goods	52,60,65,577	40,14,69,341
Work-in-Process	42,50,42,446	36,66,96,853
Traded goods	3,28,82,176	1,11,85,692
	<b>98,39,90,199</b>	<b>77,93,51,886</b>
<b>Net (Increase)/Decrease</b>	<b>(20,46,38,313)</b>	<b>(31,82,72,603)</b>
<b>25 Employee Benefit Expenses</b>		
Salaries, Wages and Allowances	38,35,28,808	31,88,94,629
Contribution to Provident and Other Funds (Refer Note 35)	3,23,89,857	2,76,77,751
Workmen & Staff Welfare Expenses	3,06,12,273	2,74,09,086
<b>TOTAL</b>	<b>44,65,30,938</b>	<b>37,39,81,466</b>
<b>25.1 Managerial Remuneration included under employee benefit expenses:</b>		
<b>Remuneration Paid to Managing Director &amp; Whole Time Directors</b>		
Salaries & Allowances	2,69,70,000	2,18,40,000
Commission	1,31,00,000	1,51,00,000
Perquisites	2,06,158	9,63,890
Contr.to PF & other funds	24,48,000	20,16,000
<b>TOTAL</b>	<b>4,27,24,158</b>	<b>3,99,19,890</b>

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH, 2012**

	<b>31st March 2012</b>	31st March 2011
	<b>Rupees</b>	Rupees
<b>26 Other Manufacturing, Selling And Administration Expenses</b>		
Consumption of stores and spare parts	<b>2,20,41,585</b>	2,14,26,062
Power & Fuel	<b>35,72,65,696</b>	26,30,12,494
Repairs & Maintenance:		
- Plant & Machinery	<b>3,69,65,052</b>	3,55,47,163
- Building	<b>1,17,45,217</b>	36,37,448
- Others	<b>81,36,862</b>	1,04,80,118
Rent (including storage charges)	<b>1,65,06,216</b>	64,69,171
Insurance (Net of Recovery)	<b>2,11,95,375</b>	1,90,33,989
Rates & Taxes	<b>2,51,82,775</b>	1,61,72,197
Travelling & Conveyance	<b>6,55,14,849</b>	5,49,47,852
Freight & Forwarding (Net of Recovery)	<b>9,34,81,794</b>	8,86,34,068
Legal & Professional Fees	<b>5,81,51,906</b>	4,44,23,826
Discount and Commission (including Rs. 1,32,971/- related to prior period)	<b>3,75,92,062</b>	1,31,40,201
Donations	<b>12,59,950</b>	12,31,585
Directors Sitting Fees	<b>6,80,000</b>	8,20,000
Commission to non-executive directors	<b>26,00,000</b>	26,00,000
Bad Debts	<b>1,31,257</b>	-
Loss on Sale/Discard of assets	<b>3,20,913</b>	42,60,833
Foreign Exchange Differences (Net)	<b>2,68,38,681</b>	-
REACH Registration Expenses	<b>12,68,848</b>	6,19,20,626
Miscellaneous Expenses	<b>16,21,32,737</b>	13,76,64,649
<b>TOTAL</b>	<b>94,90,11,775</b>	78,54,22,282

	<b>31st March 2012</b>		31st March 2011	
	<b>Rupees</b>		Rupees	
	<b>Rupees</b>	%	Rupees	%
<b>26.1 Value of stores and spares consumed</b>				
Imported	<b>21,65,245</b>	<b>9.82</b>	2,94,121	3.30
Indigeneous	<b>1,98,76,340</b>	<b>90.18</b>	2,11,31,941	96.70
<b>TOTAL</b>	<b>2,20,41,585</b>	<b>100.00</b>	2,14,26,062	100.00

	<b>31st March 2012</b>	31st March 2011
	<b>Rupees</b>	Rupees
<b>26.2 Payment to Auditors</b>		
Audit fees	<b>20,00,000</b>	20,00,000
Other services	<b>3,33,000</b>	4,86,000
Out of pocket expenses	-	3,985
<b>TOTAL</b>	<b>23,33,000</b>	24,89,985

<b>27 Finance Costs</b>		
Interest Expenses	<b>28,49,38,888</b>	18,25,54,584
Other borrowing cost	<b>2,13,06,210</b>	1,43,94,398
Applicable loss/ (gain) on foreign currency transactions and translations	<b>2,50,31,963</b>	(12,59,675)
<b>TOTAL</b>	<b>33,12,77,061</b>	19,56,89,307

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12 Rupees	2010-11 Rupees
<b>28 Contingent Liabilities and Claims not provided for:</b>		
(a) Counter Guarantees given to Banks	7,48,07,012	4,38,10,000
(b) Corporate Guarantee given to bank on behalf of subsidiary	139,89,25,000	61,08,83,000
(c) Export Bills Discounted	7,04,40,765	5,50,52,141
(d) Claims against the Company not acknowledged as debts, but disputed in appeals		
-- Excise Duty	1,17,516	1,17,516
-- Income Tax	5,39,09,224	1,19,17,345
<b>29 Estimated amount of contracts remaining to be executed on Capital Account:</b>		
Contracts remaining to be executed (net of advances)	13,25,72,985	30,58,40,541
<b>30 Other details</b>		
<b>(a) Earnings in Foreign Currencies:</b>		
Export of goods on F.O.B. basis	738,59,82,053	441,95,77,867
Guarantee Commission Received	52,73,591	9,44,104
Sales Commission Received	-	42,526
Interest Received	34,80,169	-
Sample/Testing Income Received	-	13,950
<b>(b) Value of Imports on CIF basis</b>		
Traded Goods	4,80,95,617	2,22,79,958
Raw Materials and Packing Materials	474,86,18,224	223,61,48,484
Capital Goods	5,34,92,120	2,55,08,809
Spares & Others	39,11,681	41,24,031
<b>c) Expenditure in Foreign Currency</b>		
Foreign Travel	69,82,372	55,98,646
Commission Exports	72,07,015	39,88,380
Professional Fees	40,12,104	49,23,357
Exhibitions, Subscription & Membership, Training and Seminar	53,90,379	79,25,320
Interest and Processing Charges on Borrowings	3,42,03,096	44,19,056
Registration expenses under REACH Regulations	12,68,883	5,72,19,077
Miscellaneous expenses	1,39,31,705	1,69,60,560

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- 31 All pre-operative costs directly attributable to new projects undertaken are accumulated as expenditure 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:

	2011-12 Rupees	2010-11 Rupees
<b>Opening Balance</b>	<b>1,58,83,831</b>	43,30,705
<b>Additions during the Year</b>		
Interest & Other Finance Charges	<b>5,07,36,072</b>	48,53,395
Personnel Cost	<b>1,06,33,387</b>	30,30,928
Travelling & Conveyance	<b>39,65,695</b>	14,34,014
Rates & Taxes	<b>34,20,473</b>	8,32,104
Power & Fuel	<b>51,99,804</b>	3,57,944
Insurance Charges	<b>5,61,620</b>	-
Rent	<b>5,96,267</b>	2,89,000
Miscellaneous Expenses	<b>41,04,418</b>	7,55,741
<b>Total Pre-operative Expenses</b>	<b>9,51,01,569</b>	1,58,83,831
Less : Capitalised during the year	<b>(7,45,15,212)</b>	-
<b>Balance as at the year end</b>	<b>2,05,86,358</b>	1,58,83,831

### 32. 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	31st March,2012 US \$	31st March,2011 US \$
US \$	Sell	Indian Rupees (INR)	<b>7,50,000</b>	34,50,000
EUR	Sell	Indian Rupees (INR)	<b>4,00,000</b>	17,00,000
US\$	Buy	Indian Rupees (INR)	<b>54,30,348</b>	NIL

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

Particulars	31st March, 2012	31st March,2011
<b>Assets</b>		
In Euro (Equivalent approximate in Rs.)	<b>22,99,731</b> <b>15,61,74,709</b>	14,43,202 9,14,96,268
In USD (Equivalent approximate in Rs.)	<b>2,89,08,612</b> <b>1,47,05,81,075</b>	2,02,31,060 90,21,02,946
In NZD (Equivalent approximate in Rs.)	<b>27,939</b> <b>11,68,107</b>	NIL NIL

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	31st March, 2012	31st March, 2011
In SGD	47,553	NIL
(Equivalent approximate in Rs.)	19,25,897	NIL
In THB	1,21,291	5,89,202
(Equivalent approximate in Rs.)	1,99,996	8,67,953
<b>Liability</b>		
In Euro	18,76,793	20,67,515
(Equivalent approximate in Rs.)	12,74,52,992	13,10,76,493
In USD	3,28,30,296	2,10,42,844
(Equivalent approximate in Rs.)	1,67,00,77,172	93,83,00,422

**33** 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.

### **34 Earnings per Share**

Particulars	31st March 2012 Rupees	31st March 2011 Rupees
Profit after tax	43,63,79,342	61,52,12,685
The weighted average no. of equity shares for Basic EPS (Post Bonus)	3,54,54,752	3,54,54,752
Nominal Value of Equity Shares	Rs.10/-	Rs.10/-
Earnings Per Share (Basic)	12.31	17.35
Profit after Tax for Basic EPS	43,63,79,342	61,52,12,685
Add: Interest cost on Term loan (net of taxes)	64,06,485	36,41,096
Profit after Tax for Diluted EPS	44,27,85,827	61,88,53,781
The weighted average no. of equity shares for Basic EPS	3,54,54,752	3,54,54,752
Add: Adjustments for conversion of Term loan (nos.) [Refer note 3.2 in Long Term Borrowings]	2,09,30,000	59,58,904
The weighted average no. of equity shares for Diluted EPS	5,63,84,752	4,14,13,656
Earnings Per Share (Diluted)	7.85	14.94

### **35 Disclosure as per Accounting Standard 15 (Revised) – Employee Benefits**

i. The Company has recognised **Rs.1,79,40,011/-** (Previous year Rs.1,50,59,050/-), being Company's contribution to Provident Fund, as an expense and included in Personnel Costs [Refer note 25] in the Statement of Profit and Loss.

#### **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 "Gratuity Act, 1972" and employment contracts entered into by the Company. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2012

### Leave Plan

Under the leave salary benefit plan, employees are entitled to 30 days of leave for every completed year of service, which they can avail during their service period. The plan is not funded by the Company. Eligible employees can carry forward and encash leave on superannuation, death and resignation as per the Company's rules.

The following tables summarize the funded status and amounts recognized in the balance sheet and the components of net benefit/ expense recognized in the statement of profit and loss for the respective plans.

### Balance Sheet

#### a) Reconciliation of opening and closing balance of Defined Benefit Obligation

Particulars	Gratuity		Leave Salary	
	31st March 2012 Rupees	31st March 2011 Rupees	31st March 2012 Rupees	31st March 2011 Rupees
<b>Changes in the Present Value of Obligation:</b>				
Present Value of the Obligation as at beginning of the year	5,65,89,522	4,44,77,401	2,87,71,495	2,31,72,275
Interest Cost	46,68,636	36,69,386	23,73,648	19,11,713
Past Service Cost	-	-	-	-
Current Service Cost	52,13,165	45,67,043	21,89,586	17,06,411
Curtailement Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(17,77,121)	(14,58,260)	(35,30,126)	(20,57,189)
Actuarial (gain) / loss on obligations	40,06,922	53,33,952	45,37,304	40,38,285
Present Value of the Obligation as at end of the year	6,87,01,123	5,65,89,522	3,43,41,906	2,87,71,495

#### b) Reconciliation of opening and closing balance of fair value of Plan Assets

Particulars	Gratuity		Leave Salary	
	31st March 2012 Rupees	31st March 2011 Rupees	31st March 2012 Rupees	31st March 2011 Rupees
<b>Changes in Fair Value of Plan Assets:</b>				
Present Value of Plan Assets as at beginning of the year	3,27,12,028	2,65,10,214	-	-
Expected Return on Plan Assets	32,75,437	26,11,990	-	-
Actuarial Gain / (Loss) on Plan Assets	(51,174)	1,34,800	-	-
Contributions made by the Company	71,73,325	49,13,284	-	-
Benefits Paid	(17,77,121)	(14,58,260)	-	-
Fair Value of Plan Assets as at end of the year	4,13,32,495	3,27,12,028	-	-
<b>Actual Return on Plan Assets:</b>				
Expected Return on Plan Assets	32,75,437	26,11,990	-	-
Actuarial gain / (loss) on Plan Assets	(51,174)	1,34,800	-	-
Actual Return on Plan Assets	32,24,263	27,46,790	-	-
<b>The actual return on Plan Assets:</b>				
Actual Returns on Plan Assets administered by LIC of India	32,24,263	27,46,790	-	-

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2012**



**c) Reconciliation of fair value of assets and obligations**

Particulars	Gratuity		Leave Salary	
	31st March 2012 Rupees	31st March 2011 Rupees	31st March 2012 Rupees	31st March 2011 Rupees
<b>Obligation &amp; the Fair Value of Assets:</b>				
Present Value of the Funded obligation as at end of the year	<b>6,87,01,123</b>	5,65,89,522	-	-
Fair Value of Plan Assets as at end of the year	<b>4,13,32,495</b>	3,27,12,028	-	-
Present Value of the Unfunded obligation as at end of the year	-	-	<b>3,43,41,906</b>	2,87,71,495
Net Liability recognized in the Balance Sheet	<b>2,73,68,628</b>	2,38,77,494	<b>3,43,41,906</b>	2,87,71,495

**d) Investment details**

Particulars	Gratuity		Leave Salary	
	31st March 2012 Rupees	31st March 2011 Rupees	31st March 2012 Rupees	31st March 2011 Rupees
<b>Fair Value of Plan Assets as at end of the year:</b>				
Administered by LIC of India	<b>100%</b>	100%	-	-

**e) Expenses Recognized during the year**

Particulars	Gratuity		Leave Salary	
	31st March 2012 Rupees	31st March 2011 Rupees	31st March 2012 Rupees	31st March 2011 Rupees
<b>Expenses Recognized in the Statement of Profit and Loss:</b>				
Current Service Cost	<b>52,13,165</b>	45,67,043	<b>21,89,586</b>	17,06,411
Interest Cost	<b>46,68,636</b>	36,69,386	<b>23,73,648</b>	19,11,713
Expected Return on Plan Assets	<b>(32,75,437)</b>	(26,11,990)	-	-
Net Actuarial (gain) / loss to be recognized	<b>40,58,096</b>	51,99,152	<b>45,37,304</b>	40,38,285
Total Expenses recognized in the Statement of Profit and Loss	<b>1,06,64,460</b>	1,08,23,591	<b>91,00,538</b>	76,56,409

**f) Actuarial Assumptions**

Particulars	Gratuity		Leave Salary	
	31st March 2012 Rupees	31st March 2011 Rupees	31st March 2012 Rupees	31st March 2011 Rupees
<b>Actuarial Assumptions for the year</b>				
Discount Rate	<b>8.50%</b>	8.25%	<b>8.50%</b>	8.25%
Expected Rate of Return on Plan Assets	<b>9.25%</b>	9.25%	<b>0.00%</b>	0.00%
Proportion of Employees opting for early retirement	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%
Average Salary Escalation Rate	<b>5.00%</b>	5.00%	<b>5.00%</b>	5.00%

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2012

**g) Amounts of Current and previous four periods are as follows**

Particulars	31st March 2012 Rupees	31st March 2011 Rupees	31st March 2010 Rupees	31st March 2009 Rupees	31st March 2008 Rupees
<b>Gratuity</b>					
Defined benefit obligation	6,87,01,123	5,65,89,522	4,44,77,401	3,57,47,616	2,48,33,127
Fair Value of Plan Assets	4,13,32,495	3,27,12,028	2,65,10,214	2,12,19,975	1,66,83,424
Surplus / (deficit)	(2,73,68,628)	(2,38,77,494)	(1,79,67,187)	(1,45,27,641)	(81,49,703)
Actuarial adjustments on plan liabilities Loss / (Gains)	40,06,922	53,33,952	25,39,004	80,06,409	35,60,389
Actuarial adjustments on plan assets Loss / (Gains)	51,174	1,34,800	(78,902)	2,877	90,466
<b>Leave Salary</b>					
Defined benefit obligation	3,43,41,906	2,87,71,495	2,31,72,275	1,78,28,110	1,33,28,493
Actuarial adjustments on plan liabilities Loss / (Gains)	45,37,304	40,38,285	26,08,646	27,51,148	23,60,751

**36 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	31st March 2012 Rupees	31st March 2011 Rupees
A. Revenues within India	594,70,75,916	457,09,31,697
B. Revenues outside India	746,58,72,985	445,56,13,398
<b>Total</b>	<b>1341,29,48,901</b>	<b>902,65,45,095</b>



**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2012**

**37 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  
Rainbow Holdings GmbH  
TRI-K Industries Inc.  
Maybrook Inc.

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

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

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2012

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

Particulars	Subsidiary Companies		Entities where Key Management Personnel can exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>1 Share Capital</b>								
<b>Issue of Bonus Shares:</b>								
Galaxy Chemicals			4,56,20,320					
U Shekhar					2,05,67,200			
G Ramakrishnan					1,16,50,540			
S. R. Shanbhag					2,02,90,420			
Others			41,40,000		1,21,60,540		1,01,36,860	
<b>2 Unsecured Loans</b>								
<b>a Loans/ Fixed Deposit Received</b>								
U Shekhar					80,00,000	1,00,00,000		
Nandini Shekhar							20,25,000	
Karthik Shekhar							39,75,000	
Others								16,25,000
<b>b Loans/ Fixed Deposit Repaid</b>								
U. Shekhar					1,16,00,000	4,80,000		
S. R. Shanbhag					30,00,000	31,00,000		
Others						6,50,000	2,20,000	
<b>c Loans/ Fixed Deposits as at 31st March</b>								
U. Shekhar					3,45,00,000	3,81,00,000		
S. R. Shanbhag						30,00,000		
Karthik Shekhar							53,75,000	
Others					1,00,000	1,00,000	1,23,60,000	1,19,55,000
<b>3 Investments</b>								
<b>a Investments made during the year</b>								
Galaxy Holdings (Mauritius) Ltd	27,33,84,877	22,40,50,000						
<b>b Investments as at 31st March</b>								
Galaxy Chemicals Inc	46,17,814	46,17,814						
Galaxy Holdings (Mauritius) Ltd	92,11,32,457	64,77,47,580						
<b>4 Debtors</b>								
Balance as at year end								
TRI-K Industries Inc.	6,20,29,682	5,19,92,706						
Galaxy Chemicals (Egypt) SAE, Egypt	35,04,63,116	92,51,788						
Maybrook, Inc	-	6,74,201						

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Subsidiary Companies	Entities where Key Management Personnel can exercise significant influence	Key Management Personnel	Relatives of Key Management Personnel
<b>5 Loans &amp; Advances</b>				
<b>a Incorporation Expenses incurred</b>				
Galaxy Chemicals (Egypt) S.A.E.	<b>3,76,04,656</b>	3,11,61,835		
<b>b Incorporation Expenses repaid</b>				
Galaxy Chemicals (Egypt) S.A.E.	<b>3,13,14,534</b>	1,06,42,651		
<b>c Other loan Repaid</b>				
Galaxy Surfactants' Limited - Employees' Welfare Trust			1,00,23,425	
<b>d Balance as at year end</b>				
Galaxy Chemicals (Egypt) S.A.E.	<b>3,67,61,556</b>	2,33,83,041		
Galaxy Surfactants' Limited - Employees' Welfare Trust			<b>1,58,00,000</b>	1,58,00,000
TRI-K Industries Inc.	<b>1,94,596</b>	1,03,739		
<b>6 Creditors</b>				
Balance as at year end				
Galaxy Chemicals Inc.	<b>68,67,450</b>			
TRI-K Industries Inc.	<b>11,79,595</b>			
<b>7 Interest accrued but not due</b>				
U. Shekhar			<b>70,74,599</b>	34,10,920
S. R. Shanbhag				5,44,511
Others				<b>24,42,603</b>
				10,97,682
<b>8 Bank/ Corporate Guarantee given</b>				
Rainbow Holdings Gmbh		2,22,95,000		
Galaxy Chemicals (Egypt) S.A.E.	<b>139,89,25,000</b>	58,85,88,000		
<b>9 Income</b>				
<b>a Sales to</b>				
TRI K Industries	<b>27,94,92,652</b>	12,15,16,322		
Maybrook	<b>7,42,392</b>	11,47,651		
Galaxy Chemicals (Egypt) S.A.E.	<b>53,07,21,723</b>	3,04,07,476		
<b>b Commission Received from</b>				
TRI K Industries		42,526		
Galaxy Chemicals (Egypt) S.A.E.	<b>52,73,591</b>	9,44,104		

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Subsidiary Companies	Entities where Key Management Personnel can exercise significant influence	Key Management Personnel	Relatives of Key Management Personnel
<b>c Sample/ Testing Charges from</b>				
TRI K Industries	-	13,950		
<b>d Overdue Interest Received from</b>				
TRI K Industries	6,33,382	-		
Galaxy Chemicals (Egypt) S.A.E.	28,46,787	-		
<b>10 Expenditure</b>				
<b>a Purchases:</b>				
TRI K Industries	42,58,229	-		
<b>b Managerial Remuneration</b>				
U. Shekhar			1,05,62,396	1,06,09,135
G. Ramakrishnan			1,05,38,600	97,60,600
S. R. Shanbhag			1,07,89,562	97,89,555
U.K.Kamat			1,08,33,600	97,60,600
<b>c Commission on Sales</b>				
Galaxy Chemicals Inc	1,64,41,650			
TRI K Industries	3,50,494			
<b>d Interest paid on Fixed Deposits / Loans</b>				
U. Shekhar			39,84,313	35,10,134
S. R. Shanbhag			66,000	3,72,372
Others			10,000	10,416
				18,23,799
				13,14,5
<b>11 Dividend paid</b>				
Galaxy Chemicals		68,43,048	2,28,10,160	
Galaxy Emulsifiers Pvt Ltd		4,07,250	13,57,500	
Galaxy Surfactants' Limited - Employees' Welfare Trust		2,13,750	7,12,500	
U. Shekhar			30,85,080	1,02,83,600
S. R. Shanbhag			30,43,563	1,01,45,210
Others			18,24,081	60,80,270
				15,20,529
				50,68,4

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

### 38 Operating Leases:

#### a) Assets taken on operating lease

The Company has entered into Operating Lease agreements towards use of godowns, offices 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 rental payments recognised in the Statement of Profit and Loss for the year are **Rs.91,15,444/-** (Previous Years Rs.33,39,145/-).

#### 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 Statement of Profit and Loss for the year are **Rs. NIL** (Previous Year Rs. 54,000/-).

### 39 Presentation and Disclosures in Financial Statements

During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

As per our Report attached.

**For P.D. Kunte & CO.(Regd.)**

*Chartered Accountants*

**D. P. SAPRE**

*Partner*

*Mem No 40740*

**For and on behalf of the Board**

**U. SHEKHAR**

*Managing Director*

**S. R. SHANBHAG**

*Whole-Time Director*

**G. RAMAKRISHNAN**

*Director*

*Home & Personal Care (Global)*

**U. K. KAMAT**

*Executive Director -  
Finance*

**G. KAMATH**

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

Navi Mumbai

Date : June 16, 2012

# 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 2012, the Consolidated Statement of Profit and Loss 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's 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. 1,85,26,036/- as at 31st March 2012 (previous year Rs.18,02,377/-) and total loss of Rs. 10,69,04,827/- for the year ended on that date (previous year profit of Rs. 3,17,35,170/-). 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. 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 2012;
  - (b) in the case of the Consolidated Statement of Profit and Loss, 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 : Navi Mumbai  
Date : 16th June 2012

**D.P. Sapre**  
Partner  
Membership No. 40740

# CONSOLIDATED BALANCE SHEET

## AS AT 31ST MARCH 2012



	Note	31st March 2012 Rupees	31st March 2011 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders Funds</b>			
Capital	1	35,45,47,520	17,72,73,760
Reserves & Surplus	2	198,99,98,922	184,92,70,158
<b>Non- Current Liabilities</b>			
Long Term Borrowings	3	218,10,48,116	151,18,07,647
Deferred Tax Liability (Net )	4	20,66,32,736	16,52,79,517
Other Long Term Liabilities	5	62,81,847	1,26,83,352
Long Term Provisions	6	5,22,03,226	4,19,45,538
<b>Current Liabilities</b>			
Short Term Borrowings	7	147,38,24,978	66,44,10,435
Trade Payables (including acceptances)	8	218,88,74,878	148,40,21,806
Other Current Liabilities	9	90,62,16,090	54,07,49,905
Short Term Provisions	10	16,19,90,483	7,23,72,096
<b>TOTAL</b>		<b>952,16,18,796</b>	<b>651,98,14,214</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	425,27,98,411	192,02,83,438
Intangible Assets	11	3,07,46,797	2,70,14,475
Capital Work-in-Progress at cost (Refer note 30)		44,80,19,506	86,25,46,380
Non Current Investments	12	3,17,401	3,17,401
Long Term Loans & Advances	13	19,67,70,315	45,66,16,289
Other Non-Current Assets	14	11,103	6,700
<b>Current Assets</b>			
Inventories	15	225,66,38,769	141,29,30,968
Trade Receivables	16	156,34,15,480	132,79,63,787
Cash & Bank Balances	17	12,38,22,817	8,51,42,495
Short Term Loans & Advances	18	62,19,83,247	41,63,09,273
Other Current Assets	19	2,70,94,950	1,06,83,008
<b>TOTAL</b>		<b>952,16,18,796</b>	<b>651,98,14,214</b>

Notes A & B and 1 to 35 form an integral part of the Consolidated Financial Statements

As per our Report attached.

**For P.D. Kunte & CO.(Regd.)**

*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*

Navi Mumbai

Date : June 16, 2012

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31ST MARCH 2012

	Note	31st March 2012 Rupees	31st March 2011 Rupees
<b>INCOME</b>			
Revenue from Operations (Gross)	20	1407,17,67,854	978,77,03,079
Less : Excise Duty		68,78,97,803	51,27,34,834
Less : Sales during Trial Production		1,42,26,423	-
Revenue from Operations (Net)		1336,96,43,628	927,49,68,245
Other Income	21	2,06,96,432	4,51,83,268
<b>TOTAL REVENUE</b>		1339,03,40,060	932,01,51,513
<b>EXPENDITURE</b>			
Cost of Materials consumed	22	1024,27,27,479	648,69,20,901
Purchase of Traded Goods	23	46,42,04,960	45,47,85,607
Changes in Inventories of Finished goods, Stock in process and Stock in trade	24	(41,88,99,191)	(36,20,29,492)
Employee Benefit Expense	25	70,22,27,366	58,02,38,070
Other Manufacturing, Selling and Administra- tive Expenses	26	122,73,55,061	92,77,64,724
<b>TOTAL EXPENSES</b>		1221,76,15,675	808,76,79,810
Profit Before Interest, Tax, Depreciation & Am- ortization		117,27,24,385	123,24,71,703
Finance Costs	27	33,71,80,850	19,56,89,307
Profit Before Tax, Depreciation & Amortization		83,55,43,535	103,67,82,396
Depreciation & Amortization	11	28,47,79,903	22,58,44,631
Profit Before Tax		55,07,63,632	81,09,37,765
Tax Expenses			
- Current Tax		18,91,70,085	17,58,67,557
- MAT Credit		(1,06,30,920)	-
- Deferred Tax		4,12,28,986	(1,29,10,920)
- Prior Year Tax Adjustments		15,20,966	10,33,274
Total Tax Expenses		22,12,89,117	16,39,89,911
<b>Profit for the period from Continuing Operations</b>		32,94,74,515	64,69,47,854
<b>Profit for the year</b>		32,94,74,515	64,69,47,854
<b>Earnings per Share</b>	31		
<b>Equity Shares of Face Value Rs. 10 each</b>			
<b>(1) Basic</b>		<b>9.29</b>	18.25
<b>(2) Diluted</b>		<b>5.96</b>	15.71

Notes A & B and 1 to 35 form an integral part of the Consolidated Financial Statements

As per our Report attached.

**For P.D. Kunte & CO.(Regd.)**

*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*

Navi Mumbai

Date : June 16, 2012



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	31st March 2012		31st March 2011	
	Rupees	Rupees	Rupees	Rupees
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before tax as per Statement of Profit and Loss		55,07,63,632		81,09,37,765
<b>Adjustments for:</b>				
<b>Add :</b>				
Depreciation	28,47,79,903		22,58,44,631	
Interest paid	33,71,80,850		19,56,89,307	
Bad debts written off	1,31,257		17,14,047	
Loss on Sale / discarding of Assets	82,65,518	63,03,57,528	42,60,833	42,75,08,818
<b>Less :</b>				
Dividend Income	(83,100)		(66,840)	
Interest Income	(58,62,298)	(59,45,398)	(6,57,587)	(7,24,427)
<b>Operating Profit before Working Capital Changes</b>		<b>117,51,75,762</b>		<b>123,77,22,156</b>
<b>Working Capital Changes</b>				
<b>Adjusted for:</b>				
Inventories	(84,37,07,801)		(61,97,22,838)	
Trade Receivables	(23,55,82,950)		(59,33,10,152)	
Loans and Advances and other assets	5,11,28,962		(15,02,45,761)	
Trade payables and other liabilities	85,85,55,386		71,98,49,385	
Other Provisions	1,07,34,760	(15,88,71,643)	1,15,09,536	(63,19,19,830)
<b>Cash generated from Operations</b>		<b>101,63,04,119</b>		<b>60,58,02,326</b>
Taxes Paid		(17,63,41,117)		(17,24,87,459)
<b>Net Cash Flow from Operating Activities (a)</b>		<b>83,99,63,002</b>		<b>43,33,14,867</b>
<b>B. Cash Flow from Investing Activities</b>				
Capital Expenditure		(221,28,35,587)		(116,90,25,940)
Sale of Fixed Assets		22,27,277		4,19,892
Foreign Currency Translation Reserve		11,94,70,956		(98,62,216)
Dividend Income		83,100		66,840
Interest Income		58,62,298		6,57,587
<b>Net Cash flow used in Investing Activities (b)</b>		<b>(208,51,91,956)</b>		<b>(117,77,43,837)</b>
<b>C. Cash Flow from Financing Activities</b>				
Share Issue Expenses		(3,20,84,480)		(1,47,87,735)
Net borrowings		168,40,17,378		95,70,24,873
Foreign Currency Translation Difference		-		48,750
Interest and Finance Charges on Loans		(33,71,80,850)		(19,56,89,307)
Equity Dividend & Dividend Tax thereon		(3,09,04,799)		(10,34,61,065)
<b>Net Cash Flow from Financing Activities (c)</b>		<b>128,38,47,249</b>		<b>64,31,35,516</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (a) + (b) + (c)</b>		<b>3,86,18,295</b>		<b>(10,12,93,454)</b>
Cash and Cash Equivalents - Opening Balance		8,04,07,607		18,17,01,061
Unrealised Foreign Exchange Gain/ (Loss)	2,03,313		1,46,105	
Cash and Cash Equivalents - Closing Balance	<b>11,88,22,589</b>	<b>11,90,25,902</b>	8,02,61,502	8,04,07,607
Net Increase/(Decrease) in Cash and Cash Equivalents		<b>3,86,18,295</b>		<b>(10,12,93,454)</b>

As per our Report attached.

**For P.D. Kunte & CO.(Regd.)**

Chartered Accountants

**D. P. SAPRE**

Partner

Mem No 40740

**For and on behalf of the Board**

**U. SHEKHAR**

Managing Director

**S. R. SHANBHAG**

Whole-Time Director

**G. RAMAKRISHNAN**

Director

Home & Personal Care (Global)

**U. K. KAMAT**

Executive Director -  
Finance

**G. KAMATH**

Head - Resource Mobilisation & Utilisation Process  
& Company Secretary

Navi Mumbai

Date : June 16, 2012

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

### **A. 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, 2012.
- (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 reserves which have been converted at the rate prevailing on the date of acquisition of the subsidiaries
  - (b) For statements of profit and loss in case of subsidiaries held throughout the year - average rate for the year
  - (c) For statement of profit and loss in case of subsidiary whose operations commenced from part of the year - average rate for the period of operations of such subsidiary
- (vi) Exchange differences arising on consolidation are recognised in Foreign Currency Translation Reserve

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**



**(c) Particulars of subsidiaries**

<b>Name of the Company</b>	<b>Country of Incorporation</b>	<b>Percentage of Voting power as at 31st March, 2012</b>
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%

**B. Significant Accounting Policies adopted in preparation of Consolidated 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

### (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 are recognised in the Statement of Profit and Loss, 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.

Wherever forward contracts are entered into, the premium is dealt with in the Statement of Profit and Loss over the period of the contracts.

### (h) Research & Development:

Revenue expenditure on Research and Development is charged to the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss.
- (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 Statement of Profit and Loss. 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

actuary applying Project Unit Credit Method. The actuarial gain/loss arising during the year is recognized in the Statement of Profit and Loss 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) Earnings Per Share:**

Basic 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.

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 Statement of Profit and Loss. 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 Statement of Profit and Loss.

**(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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	31st March 2012 Rupees	31st March 2011 Rupees
<b>1 Share Capital</b>		
<b>Authorised :</b>		
5,00,00,000 Equity Shares of Rs.10/- each	50,00,00,000	50,00,00,000
(Previous Year : 5,00,00,000 Equity Shares of Rs.10/- each )	50,00,00,000	50,00,00,000
<b>Issued, Subscribed &amp; Paid-up :</b>		
3,54,54,752 Equity Shares of Rs.10/- each, fully paid-up.		
(Previous Year : 1,77,27,376 Equity Shares of Rs.10/- each, fully paid up)	35,45,47,520	17,72,73,760
<b>TOTAL</b>	<b>35,45,47,520</b>	<b>17,72,73,760</b>

**a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:**

Equity Shares	31st March 2012		31st March 2011	
	Rupees	Rupees	Rupees	Rupees
Opening Balance	1,77,27,376	17,72,73,760	1,77,27,376	17,72,73,760
Add: Issue of Bonus shares during the period	1,77,27,376	17,72,73,760	-	-
Outstanding at the end of the period	<b>3,54,54,752</b>	<b>35,45,47,520</b>	1,77,27,376	17,72,73,760

**b. Terms/Rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares & pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2012):**

Rupees	31st March 2012 Numbers	31st March 2011 Numbers	31st March 2010 Numbers	31st March 2009 Numbers	31st March 2008 Numbers
Equity shares allotted as fully paid bonus shares by capitalisation of Securities Premium and General Reserves	1,77,27,376	-	85,63,688	-	-

**d. Details of shareholders holding more than 5% shares in the Company:**

**Equity Shares**

Name of Shareholders	31st March 2012		31st March 2011	
	Number of Shares	% of Holding	Number of Shares	% of Holding
U.Shekhar, G.Ramakrishnan, S.R. Shanbhag & Sudhir D. Patil as Partners of M/s Galaxy Chemicals	91,24,464	25.74	45,62,032	25.73
Unnathan Shekhar	41,13,440	11.60	20,56,720	11.60
Sudhir D. Patil	41,06,040	11.58	20,53,020	11.58
Shashikant R. Shanbhag	40,58,084	11.45	20,29,042	11.45
Gopalkrishnan Ramakrishnan	23,30,108	6.57	11,65,054	6.57
Jayashree Ramakrishnan	17,92,972	5.06	8,96,486	5.06
	<b>2,55,25,108</b>	<b>72.00</b>	1,27,62,354	71.99

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**



As per the records of the Company, including its register of shareholders/members and other declarations received from the shareholders regarding the beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

- e. 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.

	31st March 2012 Rupees	31st March 2011 Rupees
<b>2 Reserves &amp; Surplus</b>		
<b>Capital Reserve :</b>		
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
	<b>2,11,20,721</b>	2,11,20,721
<b>Capital Reserve on Consolidation:</b>		
Balance as per last year	3,11,23,572	3,11,23,573
<b>Securities Premium :</b>		
Balance as per last year	7,13,70,775	8,61,58,510
Less: Capitalised during the year for Issue of Bonus Shares	3,72,73,760	-
Less: Utilised during the year for expenses on issue of shares	3,20,84,480	1,47,87,735
	<b>20,12,535</b>	7,13,70,775
<b>Foreign Currency Translation Reserve:</b>		
Balance as per last year	(3,80,92,937)	(2,81,56,707)
Add: Net adjustment for the year	12,36,28,488	(99,36,230)
	<b>8,55,35,551</b>	(3,80,92,937)
<b>General Reserve :</b>		
Balance as per last year	24,23,27,131	18,07,27,131
Less: Capitalised during the year for Issue of Bonus Shares	14,00,00,000	-
Add: Transfer during the year from Statement of Profit and Loss	4,37,00,000	6,16,00,000
	<b>14,60,27,131</b>	24,23,27,131
<b>Profit &amp; Loss Account :</b>		
Balance as per last year	152,14,20,895	103,93,28,690
Profit for the year from Continuing operations	32,94,74,515	64,69,47,854
Less: Appropriations		
Amount Transferred to General Reserve	4,37,00,000	6,16,00,000
Interim Equity Dividend	-	6,20,45,816
[Amount per share Rs.Nil (Previous year Rs. 3.50)]		
Proposed Equity Dividend (Previous year Final Dividend)	8,86,36,880	2,65,91,064
[Amount per share Rs.2.50 (Previous year Rs.1.50)]		
Dividend Distribution Tax on Equity Dividend	1,43,79,118	1,46,18,769
	<b>170,41,79,412</b>	152,14,20,895
<b>TOTAL</b>	<b>198,99,98,922</b>	184,92,70,158

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

	<b>31st March 2012</b>	31st March 2011
	<b>Rupees</b>	Rupees
<b>3 LONG TERM BORROWINGS :</b>		
<b>Secured:</b>		
<b>Term Loans from Banks</b>		
Rupee Loans	<b>87,68,00,000</b>	40,00,00,000
Foreign Currency Loans	<b>31,38,35,000</b>	45,15,82,750
<b>Term Loans from Others</b>	<b>81,39,20,000</b>	40,13,10,000
	<b>200,45,55,000</b>	125,28,92,750
<b>Unsecured:</b>		
Fixed Deposits*	<b>12,51,25,000</b>	19,98,90,000
Sales-Tax Deferral	<b>5,13,68,116</b>	5,90,24,897
	<b>17,64,93,116</b>	25,89,14,897
<b>TOTAL</b>	<b>218,10,48,116</b>	151,18,07,647

\*Includes Rs. 1,81,00,000 (Previous Year Rs.2,66,00,000) from Directors

- 3.1 Term loans from banks are secured by first pari passu charge created / to be created by mortgage of immovable properties located at Taloja, Jhagadia and specified properties located at Tarapur and hypothecation of present & future movable assets, and by second pari passu charge created / to be created on current assets, both present and future.
- 3.2 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.
- 3.3 Term loans from others are secured by a first ranking basis charge created / to be created over moveable and immovable assets (other than working capital assets) of Galaxy Chemicals (Egypt) S.A.E., assignment of insurance policies over those assets and a corporate guarantee by the Holding Company.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012



### 3.4 Terms of repayment for secured borrowings:

Term Loans outstanding as at year end	Rate of Interest	Repayment Terms
<b>Indian Rupee Loans</b>		
Term Loan of Rs. 2,093 Lakhs (March 31, 2011: Rs. 1,000 Lakhs).	13% (BPLR - 2.25%)	20 quarterly installments of Rs.125 lakhs each commencing from July 2011
Term Loans of Rs. 3,925 Lakhs (March 31, 2011: Rs.2,000 Lakhs).	11.75%	20 months tenor with a rollover date of June 2013
Term Loan of Rs. 2,125 Lakhs (March 31, 2011: Rs. 1,000 Lakhs).	12.25% (PLR - 3%)	20 quarterly installments of Rs.125 lakhs each commencing from July 2011
Term Loan of Rs.2,250 Lakhs (March 31, 2011: Rs.1,000 Lakhs).	12.50%	20 quarterly installments of Rs.125 lakhs each commencing from September 2011
<b>Foreign Currency Loans</b>		
Term Loan of Rs Nil (March 31, 2011: Rs.1,114.75 Lakhs).	JPY 3M LIBOR +0.96% margin	Four installments of US\$ 1.25 mn each in July 2010, Aug 2010, July 2011 and Aug 2011. The repayment of the loan has been completed during the year.
Term Loan of Rs. 4,565.46 Lakhs (March 31, 2011: Rs.5,363.03 Lakhs).	3M LIBOR +275bps	16 quarterly installments after a moratorium of 15 months from the date of each drawdown. Yearly repayments after drawdown would be: 1st year Nil, 2nd year 15%, 3rd year 25%, 4th year 30% & 5th year 30%.
Term Loan of Rs. 6104.40 Lakhs (March 31, 2011: Rs. 4013.10 Lakhs).	6M Libor + 3.6%pa	12 Half yearly installments of \$ 1 Mio each starting from June 2012
Term Loan of Rs. 3052.20 Lakhs (March 31, 2011: Rs. NIL).	6M Libor + 3.5%pa	12 Half yearly installments of \$ 666,667 each starting from March 2014

3.5 Fixed deposits include cumulative and non cumulative fixed deposits from public with maturity periods ranging from 2 years to 3 years and carrying interest from 9% to 12% p.a. Interest on cumulative deposits is paid on maturity on half yearly compounding basis and interest in respect of non cumulative deposits is paid quarterly.

3.6 Sales Tax Deferral denotes interest free Sales Tax Deferral under the Package Schemes of Incentives of 1993 and 1998 formulated by the Government of Maharashtra. The same is repayable after 10 years from the year of deferral in 5 annual installments in case of deferral under the 1993 Scheme and after 12 years from the year of deferral in 6 annual installments in case of deferral under the 1998 Scheme.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	<b>31st March 2012</b>	31st March 2011
	<b>Rupees</b>	Rupees
<b>4 Deferred Tax Liability (Net)</b>		
<b>Deferred Tax Liabilities :</b>		
Fixed Assets & Depreciation	<b>22,55,56,604</b>	18,91,59,167
<b>Deferred Tax Assets :</b>		
Retirement Benefits	<b>(1,86,88,188)</b>	(1,61,23,126)
Others	<b>(2,35,680)</b>	(77,56,524)
<b>TOTAL</b>	<b>20,66,32,736</b>	16,52,79,517
<b>5 Other Long term liabilities</b>		
Interest accrued but not due on fixed deposits	<b>52,50,739</b>	1,18,23,699
Unsecured Deposits	<b>8,95,794</b>	8,59,653
Capital Lease Obligation	<b>1,35,314</b>	-
<b>TOTAL</b>	<b>62,81,847</b>	1,26,83,352
<b>6 Long Term Provisions</b>		
<b>Provision for Retirement Benefits</b>		
Provision for Leave Encashment	<b>3,25,07,221</b>	2,52,41,369
Provision for Gratuity	<b>1,96,96,005</b>	1,67,04,169
<b>TOTAL</b>	<b>5,22,03,226</b>	4,19,45,538
<b>7 Short Term Borrowings</b>		
<b>Working capital Loans from Banks</b>		
<b>Secured:</b>		
Rupee Loans (See note 7.1 below)	<b>37,77,32,099</b>	29,75,28,392
Foreign Currency Loans (See note 7.1 and 7.2 below)	<b>109,09,83,096</b>	34,93,38,348
	<b>146,87,15,195</b>	64,68,66,740
<b>Unsecured:</b>		
Rupee Loans	<b>51,09,783</b>	1,75,43,695
<b>TOTAL</b>	<b>147,38,24,978</b>	66,44,10,435

7.1 Working Capital Loans from banks are secured by first pari passu charge created / to be created by hypothecation of current assets, both present & future, and second pari passu charge created / to be created by mortgage of immovable properties located at Taloja, Jhagadia and specified properties located at Tarapur and hypothecation of present and future movable assets.

7.2 Foreign currency working capital loans in respect of subsidiary companies are secured by:

a. first ranking charge created / to be created on inventories and insurance policies on the inventories and second degree commercial mortgage created / to be created on moveable assets of the one of the subsidiary company

b. all accounts receivables and inventories of the Company and its subsidiary, in case of another subsidiary.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**



	<b>31st March 2012</b>	31st March 2011
	<b>Rupees</b>	Rupees
<b>8 Trade Payables</b>		
Due to Micro, Small and Medium Enterprises	<b>13,72,557</b>	27,40,475
Others	<b>218,75,02,321</b>	148,12,81,331
<b>TOTAL</b>	<b>218,88,74,878</b>	148,40,21,806

8.1 Others includes acceptances of Rs.58,00,93,036/- (Previous year Rs.55,42,20,156/-)

8.2 The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') based on available information with the Company. The disclosures pursuant to the said MSMED Act are as follows:

<b>Particulars</b>	<b>31st March 2012</b>	31st March 2011
	<b>Rupees</b>	Rupees
a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
c) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
d) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
e) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
g) Further interest remaining due and payable for earlier years	-	-

**9 Other Current Liabilities**

Current Maturities of Long term loans (Refer Note 3.1 & 3.4)	<b>40,69,51,250</b>	29,61,96,000
Current Maturities of Fixed Deposits (Refer Note 3.5 & 9.1)	<b>12,96,70,000</b>	3,86,35,000
Current Maturities of Deferral of Sales Tax (Refer Note 3.6)	<b>75,51,545</b>	73,65,475
Interest accrued but not due on borrowings	<b>5,18,94,546</b>	2,38,20,252
Advance from Customers	<b>7,68,65,805</b>	2,75,88,705
Unclaimed dividends (Refer Note 9.2)	<b>17,16,970</b>	17,03,125
Unclaimed Redeemed 12% Preference Share Capital	<b>2,74,330</b>	-
Unclaimed matured deposits and interest thereon	<b>41,42,615</b>	7,56,569
Creditors for capital expenditure (Refer Note 9.3)	<b>13,90,72,800</b>	5,72,48,666
Other liabilities (Refer Note 9.4)	<b>8,80,76,229</b>	8,74,36,113
<b>TOTAL</b>	<b>90,62,16,090</b>	54,07,49,905

9.1 Includes Rs. 1,65,00,000 (Previous Year Rs.1,46,00,000) due to Directors

9.2 There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

9.3 Includes due to Micro, Small and Medium Enterprises Rs.15,39,224/- (Refer note 8.2)

9.4 Includes statutory dues Rs. 3,04,91,011/- (Previous Year Rs.2,91,81,175/-)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	<b>31st March 2012</b>	31st March 2011
	<b>Rupees</b>	Rupees
<b>10 Short Term Provisions</b>		
Provision for Taxation (Net of Payments)	<b>4,75,43,961</b>	3,05,73,846
Provision for Wealth Tax	<b>2,50,000</b>	1,90,000
Proposed Dividend	<b>8,86,36,880</b>	2,65,91,064
Provision for Dividend Distribution Tax	<b>1,43,79,118</b>	43,13,735
<b>Provision for Retirement Benefits</b>		
Provision for Leave Encashment	<b>35,07,901</b>	35,30,126
Provision for Gratuity	<b>76,72,623</b>	71,73,325
<b>TOTAL</b>	<b>16,19,90,483</b>	7,23,72,096

## 11 Fixed Assets

Particulars	Gross Block				As at 31.03.2012 Rupees	As at 01.04.2011 Rupees	Depreciation / Amortisation			Net Block		
	As at 01.04.2011 Rupees	Additions during the year Rupees	Adjustments* Rupees	Deletions during the year Rupees			As at 31.03.2012 Rupees	As at 31.03.2012 Rupees	As at 31.03.2012 Rupees	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees	
<b>TANGIBLE ASSETS:</b>												
Leasehold Land	22,18,35,261	9,60,53,306	54,50,571	1,87,52,349	30,45,86,789	2,76,29,659	87,78,080	19,72,584	85,58,267	2,98,22,056	27,47,64,733	19,42,05,602
Buildings	59,60,45,307	73,54,77,635	-	-	133,15,22,942	13,85,66,540	2,66,67,705	67,719	-	16,53,01,964	116,62,20,978	45,74,78,767
Plant & Equipment	212,48,12,142	166,99,07,724	2,00,761	1,43,89,495	378,05,31,132	101,87,70,388	21,89,43,721	3,79,256	1,36,96,426	122,43,96,939	255,61,34,193	110,60,41,754
Furniture & Fixtures	7,02,66,367	5,04,11,695	4,56,938	2,48,695	12,08,86,305	1,66,50,629	63,88,851	1,66,324	2,34,197	2,29,71,607	9,79,14,698	5,36,15,738
Vehicles	3,64,48,170	31,53,938	-	23,27,739	3,72,74,369	1,24,66,727	31,49,431	-	12,14,670	1,44,01,488	2,28,72,881	2,39,81,443
Office Equipment	12,70,79,214	5,80,47,343	7,21,839	8,43,399	18,50,04,997	3,56,32,943	1,46,31,581	4,49,181	5,99,636	5,01,14,069	13,48,90,928	9,14,46,271
<b>SUB TOTAL (A)</b>	<b>317,64,86,461</b>	<b>261,30,51,641</b>	<b>68,30,109</b>	<b>3,65,61,677</b>	<b>575,98,06,534</b>	<b>124,97,16,886</b>	<b>27,85,59,369</b>	<b>30,35,064</b>	<b>2,43,03,196</b>	<b>150,70,08,123</b>	<b>425,27,98,411</b>	<b>192,67,69,575</b>
<b>INTANGIBLE ASSETS:</b>												
Software	3,86,20,330	1,60,76,506	4,98,747	-	5,51,95,583	1,80,91,992	62,20,534	1,36,260	-	2,44,48,786	3,07,46,797	2,05,28,338
<b>SUB TOTAL (B)</b>	<b>3,86,20,330</b>	<b>1,60,76,506</b>	<b>4,98,747</b>	<b>-</b>	<b>5,51,95,583</b>	<b>1,80,91,992</b>	<b>62,20,534</b>	<b>1,36,260</b>	<b>-</b>	<b>2,44,48,786</b>	<b>3,07,46,797</b>	<b>2,05,28,338</b>
<b>TOTAL (A+B)</b>	<b>321,51,06,791</b>	<b>262,91,28,147</b>	<b>73,28,856</b>	<b>3,65,61,677</b>	<b>581,50,02,117</b>	<b>126,78,08,878</b>	<b>28,47,79,903</b>	<b>31,71,324</b>	<b>2,43,03,196</b>	<b>153,14,56,909</b>	<b>428,35,45,208</b>	<b>194,72,97,913</b>
<b>Previous Year</b>	<b>302,54,13,872</b>	<b>22,73,73,074</b>	<b>(3,01,662)</b>	<b>3,73,78,493</b>	<b>321,51,06,791</b>	<b>106,99,64,715</b>	<b>22,58,44,631</b>	<b>(2,27,648)</b>	<b>2,77,72,820</b>	<b>126,78,08,878</b>	<b>194,72,97,913</b>	<b>195,54,49,157</b>

\* Difference due to changes in exchange rates

### 11.1 Deletion in Leasehold Land represents:

- a. refund received from Gujarat Industrial Development Corporation upon finalisation of actual area of land at Jhagadia allotted to the Company.
- b. leasehold improvements abandoned by one of the subsidiary company.

### 11.2 Additions during the year include (a) borrowing costs amounting to Rs.7,06,71,718/- capitalised in accordance with the requirements of Accounting Standard 16 (AS 16), "Borrowing Costs" and (b) pre-operative expenditure amounting to Rs.318,431,938/- incurred during construction period.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**



	31st March 2012 Rupees	31st March 2011 Rupees
<b>12 Non Current Investments</b>		
<b>Non Trade Investments (Valued at Cost unless stated otherwise)</b>		
<b>a) Investment in Equity Instruments (Unquoted)</b>		
2,020 Equity Shares of Rs. 10/- each fully paid-up of The Saraswat Co-op. Bank Ltd. (Previous Year : 2,020 Equity Shares)	20,200	20,200
15,000 Equity Shares of Rs.10/- each fully paid-up of The North Kanara G.S.B. Co-op. Bank Ltd. (Previous Year : 15,000 Equity Shares)	1,50,000	1,50,000
1000 Equity Shares of Rs.25/- each fully paid-up of Shamrao Vitthal Co-op Bank Ltd. (Previous Year : 1,000 Equity Shares)	25,000	25,000
	<b>1,95,200</b>	1,95,200
<b>b) Investment in Equity Instruments (Quoted)</b>		
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 16,90,920/- , Previous Year : Rs 27,95,760/-)	1,15,200	1,15,200
	<b>1,15,200</b>	1,15,200
<b>c) Investment in Government or Trust Securities (Unquoted)</b>		
National Savings Certificates	2,000	2,000
Kisan Vikas Patra	5,000	5,000
	<b>7,000</b>	7,000
<b>d) Other Investments</b>		
6357 Shares of face value of Rs.100/-each fully paid up of Tarapur Environment Protection Society (Previous Year : 6357 Shares)	1	1
	<b>1</b>	1
<b>TOTAL</b>	<b>3,17,401</b>	3,17,401
<b>Aggregate amount of Quoted Investment</b>	<b>1,15,200</b>	1,15,200
<b>Aggregate amount of Unquoted Investment</b>	<b>2,02,201</b>	2,02,201
<b>13 Long Term Loans And Advances:</b>		
<b>Unsecured, considered good</b>		
Capital Advances	7,84,67,493	37,24,94,648
Security Deposits	4,56,01,608	2,48,53,342
Loans and advances to related parties (Refer note 33)	1,58,00,000	1,58,00,000
Advances recoverable in cash or kind for value to be received	1,38,26,207	1,38,28,626
Income Tax Paid (Net of Provisions)	4,30,75,007	2,96,39,673
<b>TOTAL</b>	<b>19,67,70,315</b>	45,66,16,289
<b>14 Other Non Current Assets</b>		
Interest accrued on TDR	11,103	6,700
<b>TOTAL</b>	<b>11,103</b>	6,700

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	<b>31st March 2012</b>	31st March 2011
	<b>Rupees</b>	Rupees
<b>15 Inventories</b>		
Raw Materials	<b>47,54,87,987</b>	28,90,47,036
Raw Materials in Transit	<b>33,41,48,885</b>	11,00,13,714
Work-in-Process	<b>52,50,45,816</b>	36,97,53,676
Packing Materials	<b>2,72,80,490</b>	1,69,01,540
Packing Materials in Transit	<b>16,99,401</b>	15,95,278
Finished Goods	<b>76,34,64,561</b>	53,62,39,845
Finished Goods in Transit	<b>2,18,46,664</b>	1,46,45,237
Stock in Trade	<b>3,28,82,176</b>	57,06,017
Stock in Trade in Transit	-	54,79,675
Consumables, Stores & Others	<b>7,44,65,576</b>	6,26,10,859
Consumables, Stores & Others in Transit	<b>3,17,213</b>	9,38,091
<b>TOTAL</b>	<b>225,66,38,769</b>	141,29,30,968
<b>16 Trade Receivables (unsecured)</b>		
<b>Debts outstanding over six months</b>		
(i) considered good	<b>43,61,421</b>	22,90,596
(ii) considered doubtful	<b>6,92,341</b>	2,15,225
<b>Others</b>		
(i) considered good	<b>155,90,54,059</b>	132,56,73,191
(ii) considered doubtful	<b>26,14,209</b>	31,29,025
	<b>156,67,22,030</b>	133,13,08,037
Less : Provision for Doubtful Debts	<b>33,06,550</b>	33,44,250
<b>TOTAL</b>	<b>156,34,15,480</b>	132,79,63,787
<b>17 Cash &amp; Bank Balances</b>		
<b>A) Cash and Cash Equivalent</b>		
Balance with Banks on Current Accounts	<b>11,60,34,909</b>	7,81,90,368
Cash on hand	<b>29,90,993</b>	22,17,239
	<b>11,90,25,902</b>	8,04,07,607
<b>B) Other Bank Balances</b>		
Term deposits with maturity more than 3 months but less than 12 months	<b>6,55,403</b>	6,00,000
Term deposits with maturity more than 12 months	<b>21,43,941</b>	21,43,482
In Unpaid Dividend Accounts	<b>17,23,303</b>	16,66,833
In Unpaid Preference Shares Redemption Account	<b>2,74,268</b>	3,24,573
	<b>47,96,915</b>	47,34,888
<b>TOTAL</b>	<b>12,38,22,817</b>	8,51,42,495

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**



	31st March 2012 Rupees	31st March 2011 Rupees
<b>18 Short Term Loans And Advances:</b>		
<b>Unsecured, considered good</b>		
Security Deposits	26,40,783	41,09,460
Advances recoverable in cash or kind for value to be received	61,93,42,464	41,21,99,813
<b>TOTAL</b>	<b>62,19,83,247</b>	41,63,09,273
<b>19 Other Current Assets</b>		
Interest accrued on Term Deposits	49,849	46,177
Other Receivables	2,70,45,101	1,06,36,831
<b>TOTAL</b>	<b>2,70,94,950</b>	1,06,83,008
<b>20 Revenues from operations</b>		
<b>Sale of Products</b>	<b>1400,04,38,117</b>	978,69,47,588
<b>Other operating revenues</b>		
Export Incentives	7,13,29,737	7,55,491
<b>Revenues from operations (Gross)</b>	<b>1407,17,67,854</b>	978,77,03,079
Less : Excise Duty	68,78,97,803	51,27,34,834
Less : Sales during Trial Production	1,42,26,423	-
<b>Revenues from operations (Net)</b>	<b>1336,96,43,628</b>	927,49,68,245
<b>21 Other Income</b>		
Interest		
- On Term Deposits	4,23,689	2,58,454
- Others	54,38,609	3,99,133
Dividend on Investments	83,100	66,840
Scrap Sales	82,24,702	52,95,025
Foreign Exchange Differences (Net)	-	2,24,35,099
Miscellaneous Income	65,26,332	1,67,28,717
<b>TOTAL</b>	<b>2,06,96,432</b>	4,51,83,268
<b>22 Cost of Materials consumed</b>		
Raw Materials Consumed*	983,55,93,394	616,06,70,800
Packing Materials Consumed	40,32,14,634	32,63,63,360
Translation difference due to stock	39,19,451	(1,13,259)
<b>TOTAL</b>	<b>1024,27,27,479</b>	648,69,20,901

\* Raw Material consumed is net of consumption during trial production

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	31st March 2012 Rupees	31st March 2011 Rupees
<b>23 Purchase of traded goods</b>		
Specialty Chemicals	44,24,34,054	44,02,38,146
Others	-	1,62,15,530
Translation difference due to stock	2,17,70,906	(16,68,069)
<b>TOTAL</b>	<b>46,42,04,960</b>	<b>45,47,85,607</b>
<b>24 (Increase)/Decrease in Inventories:</b>		
<b>Inventories at the beginning of the year</b>		
Finished Goods	40,65,63,539	22,67,72,416
Work-in-Process	36,97,53,676	22,00,04,804
Traded goods	15,55,07,235	12,30,17,738
	<b>93,18,24,450</b>	<b>56,97,94,958</b>
<b>Inventories at the end of the year</b>		
Finished Goods	59,54,92,966	40,65,63,539
Work-in-Process	52,50,45,816	36,97,53,676
Traded goods	22,27,00,484	15,55,07,235
	<b>134,32,39,266</b>	<b>93,18,24,450</b>
Inter-company sale of traded goods out of opening stock	(74,84,375)	-
<b>Net (Increase)/Decrease</b>	<b>(41,88,99,191)</b>	<b>(36,20,29,492)</b>
<b>25 Employee Benefit Expenses</b>		
Salaries, Wages and Allowances	58,77,99,652	48,95,11,667
Contribution to Provident and Other Funds	5,27,47,746	4,47,12,313
Workmen & Staff Welfare Expenses	6,16,79,968	4,60,14,090
<b>TOTAL</b>	<b>70,22,27,366</b>	<b>58,02,38,070</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**



	31st March 2012 Rupees	31st March 2011 Rupees
<b>26 Other Manufacturing, Selling And Administration Expenses</b>		
Consumption of stores and spare parts	2,74,27,700	2,43,69,562
Power & Fuel	36,14,65,257	26,30,12,494
Repairs & Maintenance:		
- Plant & Machinery	3,86,20,771	3,66,28,187
- Building	1,50,12,811	52,70,667
- Others	84,90,787	1,15,91,911
Rent (including storage charges)	4,03,54,691	2,45,35,200
Insurance (Net of Recovery)	3,16,30,177	2,41,72,909
Rates & Taxes	2,58,56,724	1,61,72,197
Travelling & Conveyance	9,96,88,904	7,97,49,577
Freight & Forwarding (Net of Recovery)	14,90,84,924	11,09,44,488
Legal & Professional Fees	9,27,53,768	6,54,34,924
Discount and Commission (including Rs. 1,32,971/- related to prior period)	2,20,32,795	1,31,40,201
Donations	12,85,124	12,48,676
Directors Sitting Fees	6,80,000	8,20,000
Commission to non-executive directors	26,00,000	26,00,000
Bad Debts	1,31,257	17,14,047
Loss on Sale/Discard of assets	82,65,518	42,60,833
Foreign Exchange Differences (Net)	5,78,72,331	20,94,056
REACH Registration Expenses	1,63,52,486	6,21,38,071
Miscellaneous Expenses	22,77,49,036	17,78,66,724
<b>TOTAL</b>	<b>122,73,55,061</b>	<b>92,77,64,724</b>
<b>27 Finance Costs</b>		
Interest Expenses	29,08,42,677	18,25,54,584
Other borrowing cost	2,13,06,210	1,43,94,398
Applicable loss/ (gain) on foreign currency transactions and translations	2,50,31,963	(12,59,675)
<b>TOTAL</b>	<b>33,71,80,850</b>	<b>19,56,89,307</b>
<b>28 Contingent Liabilities &amp; Claims not provided for:</b>		
(a) Counter Guarantees given to Banks	7,48,07,012	4,38,10,000
(b) Export Bills Discounted	7,04,40,765	5,50,52,141
(c) Claims against the Company not acknowledged as debts, but disputed in appeals		
-- Excise Duty	1,17,516	1,17,516
-- Income Tax	5,39,09,224	1,19,17,345
<b>29 Estimated amount of contracts remaining to be executed on Capital Account:</b>		
Contracts remaining to be executed (Net of Advances)	38,13,79,508	65,67,88,151

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

- 30** 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:

	2011-12 Rupees	2010-11 Rupees
<b>Opening Balance</b>	<b>15,71,49,588</b>	4,11,25,907
<b>Additions during the Year</b>		
Interest & Other Finance charges	8,36,05,730	2,89,20,026
Travelling & Conveyance	2,71,88,525	1,12,19,659
Rent	3,19,67,233	1,04,19,266
Personnel Cost	3,15,69,698	63,83,374
Miscellaneous Expenses	7,60,98,382	5,32,19,863
Insurance	74,51,709	30,03,339
Material Consumed	1,72,03,622	-
Power & Fuel	1,03,91,201	20,26,033
Rates & Taxes	34,20,473	8,32,104
<b>Total Pre-operative Expenses</b>	<b>44,60,46,161</b>	15,71,49,588
Less: Sales of Trial Production	1,42,26,423	-
<b>Net Pre-operative Expenses</b>	<b>43,18,19,738</b>	15,71,49,588
Less : Capitalised during the year	(38,91,03,656)	-
<b>Balance as at the year end</b>	<b>4,27,16,082</b>	15,71,49,588

**31 Earnings Per Share:**

Particulars	2011-12 Rupees	2010-11 Rupees
Profit after tax	32,94,74,515	64,69,47,855
The weighted average no. of equity shares for Basic EPS (Post Bonus)	3,54,54,752	3,54,54,752
Nominal Value of Equity Shares	Rs.10/-	Rs.10/-
Earnings Per Share (Basic)	9.29	18.25
Profit after tax for Basic EPS	32,94,74,515	64,69,47,855
Add: Interest cost on Term loan (net of taxes)	64,06,485	36,41,096
Profit after tax for Diluted EPS	33,58,81,000	65,05,88,950
The weighted average no. of equity shares for Basic EPS	3,54,54,752	3,54,54,752
Add: Adjustments for conversion of Term loan (nos.) [Refer note no. 3.2 in Long Term Borrowings]	2,09,30,000	59,58,904
The weighted average no. of equity shares for Diluted EPS	5,63,84,752	4,14,13,656
Earnings Per Share (Diluted)	5.96	15.71

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2012**

**32 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

	<b>Segment Revenues</b>	<b>31st March 2012 Rupees</b>	<b>31st March 2011 Rupees</b>
A	Revenues within India	<b>594,70,75,916</b>	457,09,31,697
B	Revenues outside India	<b>805,33,62,201</b>	521,60,15,891
	<b>Gross Sales of Products</b>	<b>1400,04,38,117</b>	978,69,47,588

**33 Related Parties Disclosures:**

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

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

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

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	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>1</b>	<b>Share Capital</b>						
	<b>Issue of Bonus Shares:</b>						
	Galaxy Chemicals	<b>4,56,20,320</b>					
	U Shekhar			<b>2,05,67,200</b>			
	G Ramakrishnan			<b>1,16,50,540</b>			
	S. R. Shanbhag			<b>2,02,90,420</b>			
	Others	<b>41,40,000</b>		<b>1,21,60,540</b>		<b>1,01,36,860</b>	
<b>2</b>	<b>Unsecured Loans</b>						
	<b>a Loans/ Fixed Deposit Received</b>						
	U Shekhar			<b>80,00,000</b>	1,00,00,000		
	Nandini Shekhar					<b>20,25,000</b>	
	Karthik Shekhar					<b>39,75,000</b>	
	Others						16,25,000
	<b>b Loans/ Fixed Deposit Repaid</b>						
	U. Shekhar			<b>1,16,00,000</b>	4,80,000		
	S. R. Shanbhag			<b>30,00,000</b>	31,00,000		
	Others				6,50,000	<b>2,20,000</b>	
	<b>c Loans/ Fixed Deposits as at 31st March</b>						
	U. Shekhar			<b>3,45,00,000</b>	3,81,00,000		
	S. R. Shanbhag				30,00,000		
	Karthik Shekhar					<b>53,75,000</b>	
	Others			<b>1,00,000</b>	1,00,000	<b>1,23,60,000</b>	1,19,55,000
<b>3</b>	<b>Loans &amp; Advances</b>						
	<b>a Other loan Repaid</b>						
	Galaxy Surfactants' Limited - Employees' Welfare Trust		1,00,23,425				
	<b>b Balance as at year end</b>						
	Galaxy Surfactants' Limited - Employees' Welfare Trust	<b>1,58,00,000</b>	1,58,00,000				
<b>4</b>	<b>Interest accrued but not due</b>						
	U. Shekhar			<b>70,74,599</b>	34,10,920		
	S. R. Shanbhag				5,44,511		
	Others					<b>24,42,603</b>	10,97,682
<b>5</b>	<b>Expenditure</b>						
	<b>a Managerial Remuneration</b>						
	U. Shekhar			<b>1,05,62,396</b>	1,06,09,135		
	G. Ramakrishnan			<b>1,05,38,600</b>	97,60,600		
	S. R. Shanbhag			<b>1,07,89,562</b>	97,89,555		
	U.K.Kamat			<b>1,08,33,600</b>	97,60,600		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	Entities where Key Management Personnel can exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>b Interest paid on Fixed Deposits / Loans</b>						
U. Shekhar			<b>39,84,313</b>	35,10,134		
S. R. Shanbhag			<b>66,000</b>	3,72,372		
Others			<b>10,000</b>	10,416	<b>18,23,799</b>	13,14,574
<b>6 Dividend paid</b>						
Galaxy Chemicals	<b>68,43,048</b>	2,28,10,160				
Galaxy Emulsifiers Pvt Ltd	<b>4,07,250</b>	13,57,500				
Galaxy Surfactants' Limited - Employees' Welfare Trust	<b>2,13,750</b>	7,12,500				
U. Shekhar			<b>30,85,080</b>	1,02,83,600		
S. R. Shanbhag			<b>30,43,563</b>	1,01,45,210		
Others			<b>18,24,081</b>	60,80,270	<b>15,20,529</b>	50,68,430

### 34 Presentation and Disclosures in Financial Statements:

During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

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

As per our Report attached.

**For P.D. Kunte & CO.(Regd.)**  
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

Navi Mumbai  
Date : June 16, 2012

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

Sr No	Name of Subsidiary Company	Report- ing Cur- rency	Capital	Reserves *	Total Assets	Total Liabilities	Total Invest- ments (Other than in Subsidiaries)	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation @	Profit After Taxation	Proposed Dividend	Country
1	Galaxy Chemicals Inc.	INR	6104	(1151442)	9193011	9193011	-	16026256	(1414289)	-	(1414289)	-	USA
		USD	120	(22635)	180716	180716	-	315043	(27802)	-	(27802)	-	
2	Galaxy Holdings (Mauritius) Ltd.	INR	1012313000	19846490	1032638488	1032638488	-	9529731	1547913	265971	1281942	-	Mauritius
		USD	19900000	390141	20299557	20299557	-	187335	30429	5229	25200	-	
3	Galaxy Chemicals (Egypt) S.A.E	INR	763050000	(115905439)	2290739100	2290739100	-	289000858	(115905439)	-	(115905439)	-	Egypt
		USD	15000000	(2278464)	45031238	45031238	-	5681165	(2278464)	-	(2278464)	-	
4	Rainbow Holdings GmbH.	INR	1697796	(55300656)	66348270	66348270	-	-	(10062598)	-	(10062598)	-	Germany
		EURO	25000	(814305)	976982	976982	-	-	(148172)	-	(148172)	-	
5	Tri-K Industries Inc.	INR	50870	276175168	488892765	488892765	-	1030997525	9460341	1903860	7556481	-	USA
		USD	1000	5429038	9610630	9610630	-	20267299	185971	37426	148545	-	
6	Maybrook Inc.	INR	763050	85187483	98563683	98563683	-	158226352	44160184	16473555	27686629	-	USA
		USD	15000	1674611	1937560	1937560	-	3110406	868099	323836	544262	-	

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, 2012

which are: 1 USD = Rs.50.87 : 1 EURO = Rs. 67.91145

\* Reserves are net of accumulated losses, if any

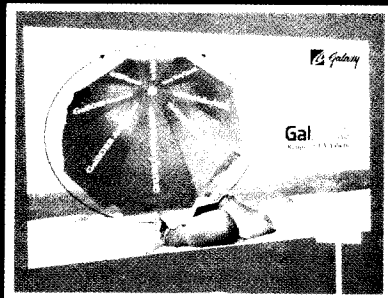
@ Provision for Taxation includes Prior Period Tax Adjustments





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**Galaxy Surfactants Ltd.**

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