Global Suppliers to Global Brands

Galaxy Surfactants Ltd.

23rd Annual Report - 2008 - 2009

TWENTY THIRD ANNUAL GENERAL MEETING

Day : Saturday, 18th July, 2009

Time : 3.00 p.m.

Place : At the Registered Office:
C-49/2, TTC Industrial Area,
Pawne, Navi Mumbai - 400 703,
Maharashtra, India

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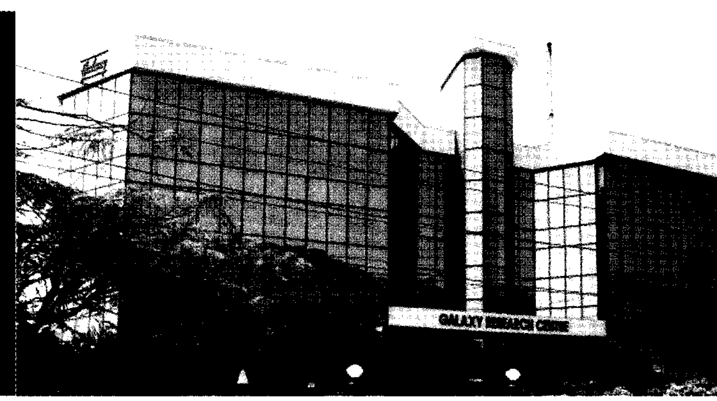

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

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

Auditors

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

Company Secretary

Ganesh Kamath

Bankers

Standard Chartered Bank
Saraswat Bank
IDBI Bank
Citi Bank
DBS Bank

Registered & Corporate Office

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

Plants

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

Subsidiaries

Galaxy Chemicals Inc.
The Walton Building,
242, Old New Brunswick Road,
Piscataway, NJ 08854.

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

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

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of Galaxy Surfactants Limited will be held on Saturday, the 18th of July, 2009 at 3.00 p.m. at the Registered Office of the Company at C - 49/2, TTC Industrial Area, Pawne, Navi Mumbai – 400 703 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2009, 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. Sudhir D. Patil, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Subodh Nadkarni, who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. 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.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration. M/s S. V. Pinge & Co, Chartered Accountants, the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS

7. **Appointment of Mr. Uday K. Kamat as the Whole-time Director of the Company**

   To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**.

   "RESOLVED THAT pursuant to the provisions of the Sections 198, 269, 309, 310, Schedule XIII to the Companies Act, 1956 read with Articles 169 and 170 and other applicable clauses of the Articles of Association of the Company and all other applicable provisions if any of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force, approval of the shareholders is hereby accorded to the re- appointment of **Mr. Uday K Kamat**, as the **Whole-time Director** designated as **"Executive Director - Finance"** (hereinafter referred to as "the appointee") of the Company for a period of 7 months with effect from 1st April, 2009 and to the payment of the remuneration as set out in the explanatory statement.

   RESOLVED FURTHER THAT the Board of Directors of the Company or Committee of Directors thereof be and are hereby authorized to take all steps as may be necessary, proper or expedient to give effect to this resolution and to alter, revise, modify, vary such terms and conditions to the limits and stipulations prescribed by the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 thereto and/or any guidelines prescribed by the Central Government from time to time, during the tenure of the present appointment of Mr. Uday K Kamat, as the Whole-time Director designated as "Executive Director – Finance", including remuneration payable to him, without further approval of the shareholders of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration etc.,

   RESOLVED FURTHER THAT Mr. Uday K Kamat will be a director liable to retire by rotation and his re-appointment as such director shall not be deemed to constitute a break in his appointment as Whole-time Director during the tenure of appointment of 7 months i.e., up to 31st October, 2009.

8. **Borrowing Powers**

   To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, at any time or from time to time, to borrow monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of monies so borrowed by the Board shall not at all time exceed the limit of **Rupees Five Hundred Crores**.

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

9. **Creation of Charges**

To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation of such mortgages, charges, and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company in such form and manner as the Board of Directors may approve on such of the Company's movable and immovable operties, both present and future, and in such manner as the Board may feel expedient together with powers to take over the management and concern of the Company in certain events, in favour of Financial Institutions/Banks and other Financing Agencies to secure term loans (long term/short term) and working capital loans of an amount not exceeding **Rupees Five Hundred Crores** together with interest thereon in respect of loans / borrowings contracted / to be contracted by the Company or arrangements entered into / to be entered into by the Company.

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

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 13, 2009

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A SHAREHOLDER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY EIGHT HOURS BEFORE THE TIME OF COMMENCEMENT OF THE MEETING.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from **4th of July, 2009 to 18th of July, 2009**(both days inclusive) for the purpose of determining entitlement for the payment of dividend for the year ended 31st March, 2009, if declared by the Company.

3. The dividend for the year ended 31st March, 2009, 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, with effect from 1st April, 1994, dividend remaining unclaimed for a period of 7 years shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the dates that they first become due for payment and no payment shall be made in respect of any such claims.

5. Members who have not yet encashed their dividend warrants, if any, for the year, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 may claim the unclaimed dividend directly from the Company.

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

7. Members are requested to bring their copies of the Annual Report at the meeting.

Registered Office:
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By order of the Board
For Galaxy Surfactants Limited

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

Date: June 13, 2009

EXPLANATORY STATEMENT

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

Item No. 7

The Board of Directors at their meeting held on 17th January, 2009, resolved to extend the appointment of Mr. Uday K. Kamat as Whole-time Director-designated as Executive Director Finance for a further period of 7 months from 1st April, 2009 to 31st October, 2009; subject to the approval of the Shareholders at the ensuing Annual General Meeting.

This reappointment is for a period of 7 months to enable coincide the expiry of the term with other three Whole-time Directors of the Company so as to enable the Board take a common view for their reappointment when it falls due on 31st October 2009. Other than increase in the period by 7 months all other terms and conditions of this reappointment are as per the approval given by the Shareholders at their meeting held on the 16th of September 2006.

The terms and conditions of appointment of Mr. Uday K. Kamat as Whole-time Director are as follows:-

1. The said appointee shall, subject to the supervision and control of the Board of Directors, manage the business and affairs of the Company.
2. Period of Agreement and the Tenure of appointment shall be for a period of 7 (Seven) months, with effect from 1st April 2009.
3. Remuneration Payable
   a) Salary & Bonus:
      Basic Salary - Rs.110,000 /- - Rs.2,60,000/- per month
      Annual Bonus – 20 % of Basic Salary
   b) Perquisites
      In addition to the aforesaid salary the said appointee shall be entitled to the following perquisites, individually:
      i. Housing
         Housing I – The Expenditure incurred by the Company on hiring fully furnished residential accommodation, will be subject to the following ceiling:
         Thirty percent [30%] of the salary, over and above ten percent payable by the said appointee
         Housing II – In case the accommodation is owned by the Company, 10 % of the salary of the said appointee shall be deducted by the Company.
         Housing III – In case no accommodation is provided by the Company, the said appointees shall be entitled to House Rent Allowance (HRA) of Thirty percent [30%] of the basic salary.
      ii. The said appointee shall be entitled for reimbursement of all medical expenses incurred for self and family, as per the Company's Rules. In addition, hospitalization expenses incurred in India for self and family will be paid on actual basis.
      iii. Leave Travel Assistance for self and family, once in a year incurred in accordance with the rules specified by the Company.
      iv. Fees of clubs, subject to a maximum of two clubs. This will not include admission and life-membership fees.
      v. Personal Accident Insurance: Coverage to be extended as per the Company's Rules.
      vi. A car with driver for official purpose, as per the Company's Rules. Use of car for personal purposes shall be reimbursed to the Company.
      vii. Telephone, fax facilities and other telecommunication facilities at his residence, as per Company's Rules. Personal long distance phone calls shall be reimbursed to the Company.
      viii. Contribution to provident fund, superannuation fund, pension fund or annuity fund, to the extent these either singly or put together, are not taxable, under the Income Tax Act, 1961.
      ix. Gratuity at the rate not exceeding half month's salary for each completed year of service.
      x. Leave and Leave Encashment, as per the Company's Rules.
         Explanation:
         - Family for the above purpose means the spouse, the dependent children and dependent parents of the appointees.
         - The aforesaid perquisites may be in the form of reimbursement or allowance.
         - Unless the context otherwise requires, the aforesaid perquisites shall be valued as per the provisions of the Income Tax Act / Rules, wherever applicable and in absence of any such rule, perquisites shallbe valued at actual costs.

- Car for use on Company's business, telephone, fax and other telecommunication facilities at residence for official use, will not be considered as perquisites and shall not be included in the remuneration.

c) Commission

Commission shall be decided by the Board of Directors/Committee of Directors from time to time. The amount of it, based on the net profits of the Company in a particular year, shall be subject to the overall ceiling laid down under Sections 198 and 309 and other applicable provisions of the Companies Act, 1956.

4. Annual Increment

The Annual Increments effective from 1st April every year will be decided by the Board of Directors and will be merit based and will take into account the Company's performance, subject to the ceiling prescribed in Schedule XIII to the Companies Act, 1956 or any modification thereof, to the same from time to time.

5. Inadequacy of Profits and Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of the tenure as Whole-time Directors of the said appointee, remuneration by way of salary, perquisites, commission and other allowances shall be in accordance with the ceiling prescribed in Section II of Part II of schedule XIII to the Companies Act, 1956 or any modification thereof, to the same from time to time.

The said appointee shall also eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration as specified above, in the event of loss or inadequacy of profits in any financial year.

i. Contribution to provident fund, superannuation fund, pension fund or annuity fund, to the extent these either singly or put together, are not taxable, under the Income Tax Act, 1961.

ii. Gratuity at the rate not exceeding half month's salary for each completed year of service.

iii. Leave and Leave Encashment, as per the Company's Rules.

6. No sitting fees shall be paid to him for attending the meeting of the Board of Directors or any committees thereof.

Item No. 8 and 9

By a resolution passed at the Nineteenth Annual General Meeting held on 24th September, 2005, consent was accorded to the Board of Directors of the Company for borrowing from time to time all such sums of money as it may deem necessary, even if it is in excess of the aggregate of the paid up capital and free reserves of the Company, provided the total amount does not exceed Rupees Two Hundred and Fifty Crores (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business).

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

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

As the documents to be executed for creation of such mortgage/ charge/hypothecations from time to time to secure such borrowings, may contain the power to take over the management of the Company in certain events, it is necessary for the Shareholders to pass a resolution under Section 293 (1) (a) of the Companies Act, 1956 for creation of mortgage/charge/ hypothecations as set out in this resolution.

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

Registered Office:
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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 13, 2009

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

Your Directors have great pleasure in presenting the Twenty Third Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2009

FINANCIAL RESULTS:

Rupees in lakhs

	2008-09	2007-08
Particulars		
Net Sales :		
Domestic	**25116.79**	16491.97
Exports	**30485.04**	21718.95
Total Net Sales	**55601.83**	38210.92
Profit before Interest & Depreciation	**6400.00**	5401.54
Less : Interest & Finance Charges	**1725.95**	837.18
Less : Depreciation	**1468.57**	1200.38
Profit for the year before Tax	**3205.48**	3363.98
Less : Provision for Taxation - Current	**446.00**	641.00
- Deferred	**65.88**	65.23
- Fringe Benefit Tax	**22.00**	18.00
Net Profit after Tax	**2671.60**	2639.75
Add :Opening Balance in Profit & Loss Account	**5902.63**	4027.83
Amount available for appropriations	**8574.23**	6667.58
Appropriations		
Transfer to General Reserve	**270.00**	264.00
Proposed Final Dividend on Equity Shares	**428.18**	428.18
Provision for Corporate Dividend Tax on Final Dividend	**72.77**	72.77
Surplus carried to Balance Sheet	**7803.28**	5902.63

DIVIDEND:

Your Directors recommend a dividend of 50% i.e. Rs.5.00 per share (exclusive of Corporate Dividend Tax) on the Equity Share Capital of Rs.856.37 Lakhs for the year ended March 31, 2009. The total outgo on account of Dividend (Rs 428.18 Lakhs) including the Dividend Tax (Rs 72.77 Lakhs) thereon works out to Rs 500.95 Lakhs

BUSINESS & FINANCIAL PERFORMANCE

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

Measure	**2008-09**	2007-08
Net Sales Growth (%)	**45.51**	18.41
PBDIT (% to Sales)	**11.51**	14.14
PBIT (% to Sales)	**8.87**	10.99
PAT (% to Sales)	**4.80**	6.91
ROCE (%)	**21.04**	21.55
Return on Net Worth (%)	**25.96**	32.43
Debt : Equity Ratio	**0.88**	0.81
Net Current Assets (% to Sales)	**18.53**	21.80
Earning per Share (Rs.)	**31.20**	30.82
Cash Earning per Share (Rs.)	**49.11**	45.60
Book Value per Share (Rs.)	**133.03**	107.34

BUSINESS PERFORMANCE:

Business Conditions & Results:

The year under review was an exciting year of growth amidst global meltdown. Characterized by high inflation and speculative demand in the first half and the complete reversal of the market scenario due to sudden and sharp collapse of the financial and banking sector in USA and Europe post September,2008 imposed a challenge which your Company has never seen before. This was characterized by :

- Sudden change in expectations causing expansion and contraction of demand
- Erratic two way volatility in commodity and currency markets
- Extreme liquidity crunch
- High uncertain conditions reflected in peaking of Volatility Index Measures for the market.

Aforesaid character of the market posed new challenges to:

- Coping with risk management needs
- Supply chain stress caused by abrupt change in conditions
- Customer / Vendor engagement in trade and transaction execution requirements

Your Company has responded to these uncertain business conditions by vigilant monitoring of developments, and making appropriate changes in its responses thereby enabling it to moderate the impact on its overall business performance.

Such relative better performance has to be viewed in light of the following:

- Sales growth of 45 % with underlying absolute volume growth better than last three year CAGR
- Absolute EBITDA growth over previous year which is better than the volume growth rate suggesting that your Company has sustained absolute business margins on its products on an overall basis for the year.
- Value destruction in the commodities market coupled with rupee depreciation subsequent to September, 2008 collapse significantly affected your Company's second half financial performance. Your Company has been able to maintain the pretax ROCE, though its business margins have been impacted by these market anomalies of the second half.
- Despite the turbulence in the financial markets, the capital expenditure plans of your Company have neither been stalled, nor slowed down to ensure a smooth execution of strategy

Strategy & Execution:

Strategy execution effort of your Company during the year has made definitive progress as under:

- Your Company has during the year set-up a modern pilot plant to support the scaling up and commercialization needs of new products. This enabled the launch of two new sophisticated Speciality Chemicals in the market during the year.
- In pursuance of the strategy of Consumer-to-Chemistry, your Company, during the year has set up a modern Application Development Laboratory.
- To meet its future growth needs, your Company has acquired 42 acres of industrial land in a notified chemical zone from GIDC, Gujarat..
- During the year, your Company has added production capacity through de-bottlenecking of its production capacities. Substantial investment has been done in infrastructure to meet the needs of the enhanced capacities.
- In order to meet the strong growing global demand of its products, your Company is taking appropriate actions to ensure that the increased demands are met through expansion of capacities.

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In spite of the challenging times of global meltdown which affected global liquidity, your Company has been able to negotiate such turbulent times without any material deterioration in the macro financial parameters

To sum up:

- Your Company continues to enjoy sound financial parameters in terms of Financial Leverage (DE Ratio), Investment Profitability (ROCE), Access to Funds (EBITDA multiple of Borrowings) & Solvency (TOL / TNW) parameters.
- The Capex outlay of Rs 46 crores were met without any constraint on liquidity.
- Receivable management through factoring pursued by your Company supplemented working capital and liquidity management needs.
- Considering the hyper volatility encountered and its moderate impact on the business margins experienced, your Company is considering improving the risk management practices to meet the requirements of scaled up global operations.
- Your Company had announced a capital mobilization plan for Rs 125 crores by way of an Initial Public Offering (IPO). The same could not be given effect to in light of the financial market developments and the inappropriateness of timing and valuations consequential thereto. Your Company would approach the Members for revalidation of the resolutions when the market conditions are found to be conducive to such offering.

- Though perforce the timing to the IPO had to be extended, your Company has firmed up investment plans of Rs 200 crores for asset creation. Such investments would be spread out over next 24 months and would be met from the internal accruals and debt. The enterprise financial parameters as at the end of the current financial year 2008-2009 are conducive to proceed with the capital expenditure/investment plans with some moderate stretch in them.
- Your Company has got itself rated as per the requirements of the Basle II norms and has been conferred with investment grade rating.

SALES GROWTH

(Rs. in Lakhs)

	2008-09	2007-08	% Growth
Domestic Sales	**25116.79**	16491.97	52.30
Export Sales	**30485.04**	21718.95	40.36
Total Net Sales	**55601.83**	38210.92	45.51

- Market conditions prevalent during the accounting year have reflected in robust value growth in Sales. Impact of depreciating rupee and the high input costs for major part of the year, have been reflected in the value growth.
- Business conditions in the third and fourth quarter of the year were highly vitiated and characterized by a contraction in demand. As your Company caters to Personal & Home Care industry manufacturing convenience products of daily consumption, it did not evidence severe demand contraction. Hence your Company could achieve better than normal volume growth.

Domestic Sales:

Galaxy continues to maintain its leadership position in India in its range of surfactants and specialty chemicals for Personal and Home Care market.

New customer acquisitions coupled with new product introductions and increased share of buying portfolio of existing customers contributed to significant growth of business.

We are confident of facing the challenges that would be presented by the current global economic situation by intensely engaging with our valued partners and a close monitoring of the key cost drivers.

Export Sales:

Intense customer engagement enabled your Company to meet the challenges thrown by extreme international business conditions and yet post a Sales growth of 40%

Sustained momentum in export business including deeper market penetration, new customer acquisitions, new value added products and broader presence in certain specific geographies would enable your Company to move to the next level

Your Company has expanded its international team to pursue strategic business initiatives in new products.

HUMAN RESOURCES:

Your company continues to focus on nurturing and developing talent as well as enhancing competencies, building new leaders and making continuous learning a part of its core culture.

Inducting fresh talent in the mainstream of Company's business is one of the key areas on the agenda so as to strike a fine balance in experience, wisdom and adequate amount of enthusiasm and fresh ideas.

Through the systematic approach of succession planning and career progression path your Company is building the talent pipeline which would enable in attaining the objective of becoming a Global Organization. To attain the global competence your Company has hired the services of a Global HR Consultant to initiate assessment and development centres for its senior and top leadership.

QUALITY:

Your Company believes that Quality is all pervasive and constantly endeavors to extend its reach in all the spheres of its organizational endeavors. It is convinced that organizational sustenance rests on quality consciousness and continuous learning by participating in acknowledged quality programs held by renowned bodies and forums. It is already a recipient of ISO Certifications and TPM awards.

During the year in pursuit of such Quality Consciousness, it got itself audited by Du Pont for safety standards and practices and is now deeply involved in implementing its recommendations.

Also during the year, the Company participated in the IMC Ramakrishna Bajaj National Quality Award Programme based on "Malcolm Balridge National Quality Award of USA "

Your Company has been bestowed with Certificate of Merit of IMC Ramakrishna Bajaj National Quality Award 2008 at a special function held in Mumbai on 24th March 2009. The Award was presented by H.E. Mr. S. C. Jamir, Governor of Maharashtra.

The award is an acknowledgement that your Company delivers ever improving value to customers and stakeholders, contributing to organizational sustainability.

MANAGEMENT INFORMATION SYSTEM:

Your Company has been constantly endeavoring to leverage Information Technology advances to meet its needs for scaled up operations from geographically diversified locations. The focus of the effort has been to enhance technology absorption, encourage wide usage, consolidate the data base for application, improve security of the data and controls, develop a culture of online data capturing and application for business and operations control needs.

As a part of risk mitigation efforts, during the year, your Company set up disaster recovery systems for its SAP ERP and mails. SAP Business Intelligence software configuration has been completed during the year. We are endeavoring to leverage the same fully for control on operations and informed decision making.

Microsoft CRM system is being implemented during the current year. This will improve sharing of knowledge of customer interactions by various team members through a common central system. Adrenalin software for HR was activated during the year and its usage would be expanded to cover most of the HR needs.

Your Company is continuously pursuing further exploitation of the SAP system. In the current year, an audit of the SAP system by an external agency is being undertaken. This will include audit of operational and financial controls implemented in SAP as well as exploitation of best practices available hitherto not exploited by your Company. The SAP ERP will be upgraded to the current version during this financial year and also expanded to include operations of the new units being set up including subsidiaries.

Your Company firmly believes that robust IT applications are a prerequisite to achieve scalability of business operations efficiently and retaining adequate controls.

FIXED DEPOSITS:

Your Company's fixed deposits stood at Rs 980.05 Lakhs with 615 fixed deposit holders at the end of the year under review as against Rs 818.95 Lakhs last year. There are no overdue deposits as at 31st March, 2009.

SUBSIDIARY COMPANIES:

Galaxy Chemicals Inc (USA)

The audited Statement of Accounts of Galaxy Chemicals Inc., USA, the Company's wholly owned subsidiary together with the reports of the Directors and Auditors for the year ended 31st March, 2009 and a statement of the Company's interest in the subsidiary as required under Section 212 of the Companies Act, 1956 are attached.

Galaxy Holdings (Mauritius) Ltd.

During the year your Company has incorporated a wholly owned subsidiary company by name Galaxy Holdings (Mauritius) Ltd in Mauritius.

As required under section 212 of the Companies Act, the audited Statement of Accounts along with the reports of the Directors' & Auditor's for the year ended 31st March 2009 and a statement of Company's interest in the subsidiary are attached.

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

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

PARTICULARS OF EMPLOYEES:

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

BOARD OF DIRECTORS:

During the year under review, following Directors on the Board of the Company appointed by the Shareholders at the 21st AGM held on the 29th of June 2007 are liable to retire by rotation:

- Mr. Sudhir D Patil
- Mr. Subodh Nadkarni
- Mr. M.G. Parameswaran

The retiring Directors offer themselves for reappointment.

The term of Mr. Uday K Kamat, Executive Director Finance expired on the 31st of March 2009. The term of the other three Whole- time Directors on the Board of the Company expires on the 31st of October 2009. To enable a concurrent consideration for reappointment of all the four Whole-time Directors, the Board at its meeting on the 17th January 2009, subject to the approval of the shareholders, approved the extension of the period of appointment of Mr. Uday K Kamat from the 1st of April 2009 till the 31st of October 2009 on the same terms and conditions. Such extension in the term granted by the Board is being placed before the shareholders for their approval.

AUDITORS:

M/s. S. V. Pinge & Co., Chartered Accountants, the Statutory Auditors of your Company hold office until the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B), of the Companies Act, 1956. Your Directors recommend their re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
2. that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year ended 31st March, 2009 and of the profit of your Company for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities and
4. that they have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the wholehearted and sincere co-operation the 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 13, 2009.

U. SHEKHAR
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Annexure – A

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO AND PARTICULARS UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

A. CONSERVATION OF ENERGY:

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

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

Disclosures of particulars with respect to conservation of energy
Power and Fuel Consumption

			2008-2009	2007-2008
(I)	**ELECTRICITY**			
	a)	Purchased:		
		Unit in 1000 KWH	**4,478**	3250
		Total amount (Rs. in Lakhs)	**242.14**	171.41
		Rate/KWH (Rs.)	**5.41**	5.27
	b)	Own Generation :		
		through Diesel Generator :		
		Unit in 1000 KWH	**12862**	12593
		Total amount (Rs. in Lakhs)	**759**	591
		Rate/ KWH (Rs.)	**5.90**	4.69
(II)	**FUEL**			
	a)	Light Diesel Oil		
		Quantity in KL	**684**	663
		Total Cost (Rs. in Lakhs)	**256.93**	184.80
		Rate/Unit Rs./KL	**37584**	27892
	b)	Furnace Oil		
		Quantity in KL	**581**	519
		Total Cost (Rs. in Lakhs)	**151.32**	106.92
		Rate/Unit Rs./KL	**26040**	20601
	c)	Coal		
		Quantity in MT	**3706**	3330
		Total Cost (Rs. in Lakhs)	**215.99**	146.42
		Rate/Unit Rs./MT	**5828**	4397

(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:

* Development of products for personal and home care industry to meet customer requirements
* Upgrade Product Application facility for evaluation of ingredients manufactured by the Company for personal and home care industry
* Transfer technology to commercial scale through process optimization studies in the pilot plant
* Develop syndet / transparent soap technology including product assessment and panel testing
* Strive for excellence in surfactant science and technology through better understanding of phase behavior

Achievements:

- Commissioned a new pilot plant at Tarapur to handle development of 3 products concurrently
- Transformed the Research Centre at Navi Mumbai to modernize laboratories with state-of-art facilities
- Developed commercial technology for octocrylene manufacture
- Commercialized oral care betaines technology

		(Rs. in Lakhs)
Particulars	**2008-09**	**2007-08**
Expenditure on R & D	**743.80**	247.53

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange used and earned:

	2008-09	2007-08
a) Expenditure incurred in Foreign Currency:		
Raw Material & Packing Material (C.I.F. Value)	**18247.11**	9490.20
Capital Goods	**358.14**	354.32
Spares & others	**43.80**	25.64
Foreign Travel	**64.63**	53.56
Exports Commission	**330.08**	211.70
Professional Fees	**37.57**	69.54
Book, Periodicals, Exhibitions, Subscription & Membership, Commission, Training and Seminar	**71.00**	24.09
Interest & Processing Charges on borrowings	**129.70**	34.86
Others	**200.60**	205.17
b) Earnings in Foreign Currency:		
F.O.B. Value of Exports (This does not include exports to Nepal, deemed exports)	**29041.32**	21090.54

For and on behalf of the Board

Navi Mumbai
June 13, 2009

U. SHEKHAR
Chairman & Managing Director

"Annexure - B"

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

A. Persons employed through out the year and were in receipt of remuneration in aggregate of not less than Rs. 200,000/- 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, 2009.

	Name	Age	Designation	Gross Remuneration Rs.	Qualification	Experience	Date of Commencement of Employment	Previous Employment / Position Held
1	Mr. G. Ramakrishnan	53	Director – Home & Personal Care (Global)	84,67,150	M.Com. F.C.A., F.I.C.W.A.	33	May 20, 1986	Colgate Palmolive (I) Ltd. Accountant
2	Mr. S. R. Shanbhag	54	Whole-time Director	88,16,539	B.Com. A.C.A., Grad. C.W.A.	33	May 20, 1986	Colgate Palmolive (I) Ltd. Accountant
3	Mr. U. Shekhar	54	Chairman & Managing Director	85,49,915	B.Chem. Engg. (UDCT), PGDBM (IIM Cal)	33	May 20, 1986	Lupin Laboratories Ltd. Management Trainee
4	Mr. U. K. Kamat	54	Executive Director – Finance	87,43,515	B.Com. A.C.A., Grad. C.W.A.	33	April 1, 2003	Practising Chartered Accountant
5	Mr. K. K. Natarajan	44	Head-GCD Process & DBC Process	30,77,548	B.Com., A.I.C.W.A	16	April 21, 1993	Indian Organic Chemicals Ltd. Deputy Manager- Finance

Notes :

1 The nature of employment in all cases is contractual and is subject to the rules and regulations of the Company in force from time to time.

2 Remuneration as shown above includes Salary, Commission, Bonus, HRA, Employee Provident Fund and perquisites/benefits like LTA, Medical etc. valued as per the Income Tax Act, 1961.

3 None of these employees is related to any Directors of the Company.

For and on behalf of the Board

Navi Mumbai
June 13, 2009

U. SHEKHAR
Chairman & *Managing Director*

AUDITORS' REPORT

To the Members of
GALAXY SURFACTANTS LIMITED

We have audited the attached Balance Sheet of **GALAXY SURFACTANTS LIMITED** as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
   a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009, from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956;
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
   b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
   c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 13, 2009

ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS OF GALAXY SURFACTANTS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2009.

[Referred to in paragraph 1 of the above Report]

1. In respect of fixed assets:
   a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
   c) In our opinion, the fixed assets disposed off during the year are not substantial and hence it has not affected the going concern assumption.
2. In respect of inventories:
   a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and discrepancies noticed on physical verification between the physical stocks and book records were not material in relation to the operations of the Company.
3. In respect of loans taken or granted:
   a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act. Accordingly sub-clause (b), (c) and (d) of clause (iii) paragraph 4 of the said Order are not applicable.
   b) The Company had taken loans from four parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.88.14 lakhs and the year end balance of the loans taken from such parties was Rs. 70.65 lakhs.
   c) In our opinion, the rate of interest and other terms and conditions on which the loans have been taken from the parties listed in the register under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
   d) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. Further, on the basis of our examinations and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. According to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 as applicable, with regard to the deposits accepted from the public. According to the information and explanations given to us, in this regard, no Order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. To the best our knowledge, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products of the Company.

9. In respect of statutory dues:
   a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
   b) As at 31st March, 2009 according to the records of the Company and the information and explanations given to us, the following are the particulars of disputed dues on account of Excise Duty that has not been deposited:

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

10. The Company does not have accumulated losses as at 31st March, 2009 and has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. No debentures have been issued by the Company.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the provisions of any special statute as specified under Clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, no funds raised on a short-term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures and hence the provisions of Clause (xix) of paragraph 4 of the Order are not applicable to the Company.
20. During the year covered by our audit, the Company has not raised any money by public issues.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
June 13, 2009

BALANCE SHEET

AS AT 31ST MARCH, 2009

	SCHEDULE	31ST MARCH, 2009 Rupees	31ST MARCH, 2008 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	**8,56,36,880**	8,56,36,880
Reserves & Surplus	B	**105,35,70,471**	83,36,29,413
Loan Funds			
Secured Loans	C	**110,45,12,436**	84,32,49,989
Unsecured Loans	D	**19,06,17,261**	17,48,57,053
Deferred Tax Liability (Net)	E	**16,15,05,602**	15,49,17,863
TOTAL		**259,58,42,650**	209,22,91,198
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	F	**234,62,02,714**	195,78,31,239
Less: Depreciation		**89,26,62,892**	76,77,80,449
Net Block		**145,35,39,822**	119,00,50,790
Capital Work-in-Progress at cost, including advances		**10,48,98,792**	6,45,20,948
		155,84,38,614	125,45,71,738
Investments	G	**50,07,215**	49,10,214
Foreign Currency Monetary Item Translation Difference Account (Refer Note No.18 of Schedule T)		**19,17,500**	-
Current Assets, Loans & Advances			
Inventories	H	**68,17,36,426**	61,77,17,880
Sundry Debtors	I	**79,73,41,923**	64,78,91,525
Cash & Bank Balances	J	**5,89,79,907**	3,29,04,104
Other Current Assets	K	**2,05,783**	1,53,821
Loans & Advances	L	**30,33,81,855**	15,79,28,136
		184,16,45,894	145,65,95,466
Less: Current Liabilities and Provisions			
Current Liabilities	M	**72,87,15,388**	55,22,12,590
Provisions	N	**8,24,51,185**	7,15,73,630
Net Current Assets		**103,04,79,321**	83,28,09,246
TOTAL		**259,58,42,650**	209,22,91,198
Notes to the Accounts	T		

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

As per our Report attached.

For S.V. PINGE & CO.
Chartered Accountants

For and on behalf of the Board

S. V. PINGE
Proprietor

U. SHEKHAR
Chairman & 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 13, 2009

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	31ST MARCH, 2009 Rupees	31ST MARCH, 2008 Rupees
INCOME			
Gross Sales		**593,77,55,239**	411,13,73,028
Less : Excise Duty		**37,75,71,767**	29,02,80,142
Net Sales		**556,01,83,472**	382,10,92,886
Other Income	O	**3,41,16,483**	4,60,76,861
TOTAL		**559,42,99,955**	386,71,69,747
EXPENDITURE			
Material Cost & Inventory Adjustments	P	**414,07,76,268**	270,15,58,215
Personnel Costs	Q	**22,99,58,267**	17,90,53,323
Other Manufacturing, Selling and Administrative Expenses	R	**58,35,65,380**	44,64,03,693
TOTAL		**495,42,99,915**	332,70,15,231
Profit Before Interest & Depreciation		**64,00,00,040**	54,01,54,516
Interest & Finance Charges	S	**17,25,94,964**	8,37,17,777
Profit Before Depreciation		**46,74,05,076**	45,64,36,739
Depreciation	F	**14,68,57,095**	12,00,38,997
Profit Before Tax		**32,05,47,981**	33,63,97,742
Provision for Taxation			
- Current Tax		**4,46,00,000**	6,41,00,000
- Deferred Tax		**65,87,739**	65,22,822
- Fringe Benefit Tax		**22,00,000**	18,00,000
Net Profit for the year		**26,71,60,242**	26,39,74,920
Add : Profit brought forward from last year		**59,02,62,421**	40,27,82,935
Less : Transferred to General Reserve		**2,70,00,000**	2,64,00,000
Proposed Dividend		**4,28,18,440**	4,28,18,440
Dividend Distribution Tax		**72,76,994**	72,76,994
Balance carried to Balance Sheet		**78,03,27,229**	59,02,62,421
Earning per share - Basic & Diluted (Face Value of Rs. 10 each) (Refer Note No. 13 of Schedule 'T')		31.20	30.82
Notes to the Accounts	T		

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

As per our Report attached.

For S.V. PINGE & CO.
Chartered Accountants

S. V. PINGE
Proprietor

For and on behalf of the Board

U. SHEKHAR
Chairman & 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 13, 2009

SCHEDULES

ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	31ST MARCH, 2009 Rupees	31ST MARCH, 2008 Rupees
A. CAPITAL :		
Authorised :		
2,50,00,000 Equity Shares of Rs.10/- each (Previous Year: 1,50,00,000 Equity Shares of Rs.10/- each)	**25,00,00,000**	15,00,00,000
Nil Preference Shares of Rs.10/- each (Previous Year:1,00,00,000 Preference Shares of Rs.10/- each)	-	10,00,00,000
TOTAL	**25,00,00,000**	25,00,00,000
Issued, Subscribed & Paid-up :		
85,63,688 Equity Shares of Rs.10/- each, fully paid-up. (Previous Year : 85,63,688 Equity Shares of Rs.10/- each, fully paid up)	**8,56,36,880**	8,56,36,880
Includes, 33,69,125 Equity Shares of Rs.10/- each, issuedas fully paid-up Bonus Shares by capitalisation of Securities Premium, Reserves and balance in Profit & Loss Account. (Previous Year : 33,69,125 Equity Shares of Rs.10/- each.)		
TOTAL	**8,56,36,880**	8,56,36,880
B. RESERVES & SURPLUS :		
Capital Reserve :		
Capital Subsidy received from the Government of Maharashtra under the Package Scheme of Incentives, balance as per last year	**2,11,20,721**	2,11,20,721
	2,11,20,721	2,11,20,721
Capital Redemption Reserve :		
Balance as per last year	**8,04,43,000**	8,04,43,000
	8,04,43,000	8,04,43,000
Securities Premium :		
Balance as per last year	**3,13,52,390**	3,13,52,390
	3,13,52,390	3,13,52,390
General Reserve :		
Balance as per last year	**11,04,50,881**	8,72,50,000
Less : Transitional effect on account of AS 15 (Revised 2005) - "Employee Benefits"	-	(31,99,119)
Add: Transitional effect on account of Notification on AS-11, The Effects of Changes in Foreign Exchange Rates (Refer Note No.18 of Schedule T)	**28,76,250**	-
Add : Transfer during the year from Profit & Loss Account	**2,70,00,000**	2,64,00,000
	14,03,27,131	11,04,50,881
Profit & Loss Account :		
Balance of Profit as per Profit & Loss Account	**78,03,27,229**	59,02,62,421
TOTAL	**105,35,70,471**	83,36,29,413

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

	31ST MARCH, 2009 Rupees	31ST MARCH, 2008 Rupees
C. SECURED LOANS :		
Term Loans from Banks	**47,85,54,096**	45,87,94,254
Cash Credit and Working Capital Demand Loan from Banks	**62,59,58,340**	38,44,55,735
TOTAL	**110,45,12,436**	84,32,49,989
D. UNSECURED LOANS :		
Working Capital Demand Loan from a Bank	**73,71,824**	40,41,308
Fixed Deposits	**9,80,05,000**	8,18,95,000
Interest-free loan by way of Deferral of Sales-Tax from the Government of Maharashtra under the Package Schemes of Incentives.	**7,81,75,170**	8,02,62,099
Loan from Directors	**70,65,267**	86,58,646
TOTAL	**19,06,17,261**	17,48,57,053
E. DEFERRED TAX LIABILITY (NET) :		
Deferred Tax Liabilities :		
Fixed Assets & Depreciation	**17,25,03,322**	16,24,79,197
Deferred Tax Assets :		
Retirement Benefits	**(1,09,97,720)**	(73,00,439)
Others	**-**	(2,60,895)
TOTAL	**16,15,05,602**	15,49,17,863

F. FIXED ASSETS

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 31.03.08 Rupees	Additions during the year Rupees	Deletions during the year Rupees	**As at 31.03.09 Rupees**	As at 31.03.08 Rupees	Additions during the year Rupees	Deletions during the year Rupees	**As at 31.03.09 Rupees**	**As at 31.03.09 Rupees**	As at 31.03.08 Rupees
1. Leasehold Land	8,58,95,026	10,33,81,500		**18,92,76,526**	1,05,12,755	17,19,572		**1,22,32,327**	**17,70,44,199**	7,53,82,271
2. Factory Building	33,47,94,448	3,95,77,170		**37,43,71,618**	8,42,62,453	1,14,10,139		**9,56,72,592**	**27,86,99,026**	25,05,31,995
3. Building - Others	4,27,11,653			**4,27,11,653**	91,44,078	6,96,200		**98,40,278**	**3,28,71,375**	3,35,67,575
4. Plant & Machinery	135,06,73,582	21,47,60,774	2,21,50,638	**154,32,83,718**	61,08,82,606	11,90,80,332	1,55,47,633	**71,44,15,305**	**82,88,68,413**	73,97,90,976
5. Furniture & Fixtures	3,05,06,711	1,54,15,905	2,16,228	**4,57,06,388**	61,35,627	23,43,728	1,98,286	**82,81,069**	**3,74,25,319**	2,43,71,084
6. Vehicles	2,43,03,770	58,86,659	22,92,373	**2,78,98,056**	96,28,022	21,49,383	16,49,993	**101,27,412**	**1,77,70,644**	1,46,75,748
7. Office Equipments	8,89,46,049	3,87,80,357	47,71,651	**12,29,54,755**	3,72,14,908	94,57,741	45,78,740	**4,20,93,909**	**8,08,60,846**	5,17,31,141
TOTAL	195,78,31,239	41,78,02,365	2,94,30,890	**234,62,02,714**	76,77,80,449	14,68,57,095	2,19,74,652	**89,26,62,892**	**145,35,39,822**	**119,00,50,790**
Previous Year	170,45,95,971	28,75,91,989	3,43,56,721	**195,78,31,239**	66,37,63,149	12,00,38,997	1,60,21,697	**76,77,80,449**	**119,00,50,790**	

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

	31ST MARCH, 2009 Rupees	31ST MARCH, 2008 Rupees
G. INVESTMENTS :		
(Non-trade, long term, valued at cost)		
Unquoted		
2,020 Equity Shares of Rs. 10/- each fully paid-up of The Saraswat Co-op. Bank Ltd. (Previous Year : 2,020 Equity Shares)	**20,200**	20,200
15,000 Equity Shares of Rs.10/- each fully paid-up of The North Kanara G.S.B. Co-op. Bank Ltd. (Previous Year : 15,000 Equity Shares)	**1,50,000**	1,50,000
National Savings Certificates	**2,000**	2,000
Kisan Vikas Patra	**5,000**	5,000
12,000 Shares of face value US $ 0.01 each fully paid up of Galaxy Chemicals Inc. (Subsidiary) (Previous Year :12,000 shares)	**46,17,814**	46,17,814
1 Share of face value US $1 each fully paid up of Galaxy Holdings (Mauritius) Ltd (Subsidiary) (Previous Year :Nil)	**49**	-
Quoted		
7,200 Equity Shares of Rs 10/- each fully paid up of Union Bank of India (Previous Year : 7,200 Equity Shares) (Market Value : Rs 10,60,200/- , Previous Year : Rs 10,15,200/-)	**1,15,200**	1,15,200
Share Application Money with Galaxy Holdings (Mauritius) Ltd	**96,952**	-
TOTAL	**50,07,215**	49,10,214
H. INVENTORIES		
(Taken, valued and certified by a Director, including lying with third parties)		
Raw Materials	**16,33,97,073**	19,04,38,591
Packing Materials	**2,09,67,087**	2,87,83,422
Finished Goods	**19,29,15,443**	18,58,62,937
Work-in-Process	**25,57,86,653**	16,39,56,112
Consumables, Stores & Others	**4,86,70,170**	4,86,76,818
TOTAL	**68,17,36,426**	61,77,17,880
I. SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts outstanding over six months	**1,56,38,940**	92,48,046
Other Debts	**78,17,02,983**	63,86,43,479
TOTAL	**79,73,41,923**	64,78,91,525
[illegible]		
Cash on hand	**29,07,417**	31,59,907
With Scheduled Banks :		
- In Current Account	**5,19,51,443**	2,64,70,479
- In Fixed Deposit Account	**30,45,100**	28,65,801
With Non-Scheduled Banks :		
In Current Account with Krungthai Bank, Bangkok (Maximum amount outstanding at anytime during the year Rs. 10,78,091/-Previous Year Rs. 10,38,742/-)	**10,75,947**	4,07,917
TOTAL	**5,89,79,907**	3,29,04,104

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

	31ST MARCH, 2009 Rupees	31ST MARCH, 2008 Rupees
K. OTHER CURRENT ASSETS :		
Interest accrued on Bank Deposits	**2,05,783**	1,53,821
TOTAL	**2,05,783**	1,53,821
L. LOANS AND ADVANCES :		
(Unsecured, considered good)		
Advances recoverable in cash or kind for value to be received	**17,79,64,497**	10,21,39,451
Intercorporate loan to a subsidiary	**4,31,12,000**	-
Tender, Security & Other Deposits	**1,06,18,932**	80,60,702
Balance with Excise Dept. in Current Account	**3,48,41,134**	3,47,70,498
Income Tax Paid (Net of Provisions)	**3,68,45,292**	1,29,57,485
TOTAL	**30,33,81,855**	15,79,28,136
M. CURRENT LIABILITIES :		
Sundry Creditors and Expenses Payable *	**37,24,70,898**	49,85,24,504
Bills Payable	**30,60,90,365**	-
Creditors for Capital Expenditure	**64,16,628**	99,24,450
Advances from Customers	**1,78,45,888**	1,67,83,988
Unclaimed Dividend **	**11,03,548**	9,59,211
Security & Other Deposits	**8,65,328**	8,65,328
Other Liabilities	**1,51,53,409**	2,00,30,573
Interest accrued but not due	**87,69,324**	51,24,536
TOTAL	**72,87,15,388**	55,22,12,590

* Includes Rs.44,89,776/- due to Micro and Small Enterprises to the extent such parties have been identified from available information. (Previous Year Rs.26,30,557/-)

** Refer Note No. 10 of Schedule "T"

	31ST MARCH, 2009 Rupees	31ST MARCH, 2008 Rupees
N. PROVISIONS :		
Proposed Dividend	**4,28,18,440**	4,28,18,440
Provision for Dividend Distribution Tax	**72,76,994**	72,76,994
Provision for Retirement Benefits	**3,23,55,751**	2,14,78,196
TOTAL	**8,24,51,185**	7,15,73,630
O. OTHER INCOME :		
Dividend Income	**53,800**	39,000
Interest on Bank Deposits	**2,95,434**	8,20,939
Sale of Scrap	**47,69,871**	39,99,780
Interest - Others	**5,92,298**	2,09,292
Foreign Exchange Differences (Net)	**-**	3,86,61,836
Miscellaneous Income	**2,84,05,080**	23,46,014
TOTAL	**3,41,16,483**	4,60,76,861

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

	31ST MARCH, 2009 Rupees	31ST MARCH, 2008 Rupees
P. MATERIAL COST & INVENTORY ADJUSTMENTS :		
Raw Materials Consumed	**397,79,43,050**	248,77,21,938
Packing Materials Consumed	**22,77,69,610**	21,26,05,637
Purchases- Traded goods	**2,07,78,903**	16,08,961
Processing Charges	**1,31,67,752**	2,20,06,292
	423,96,59,315	272,39,42,828
(Increase)/Decrease in Stock of Finished Goods & Work-in-process :		
Add: Opening Stock		
Finished Goods	**18,58,62,937**	17,23,71,759
Work-in-Process	**16,39,56,112**	15,50,62,677
Less: Closing Stock		
Finished Goods	**19,29,15,443**	18,58,62,937
Work-in-Process	**25,57,86,653**	16,39,56,112
Net (Increase)/Decrease	**(9,88,83,047)**	(2,23,84,613)
TOTAL	**414,07,76,268**	270,15,58,215
Q. PERSONNEL COSTS :		
Salaries, Wages & Allowances	**18,12,27,734**	14,89,03,184
Contribution to Provident Fund and Other Funds	**2,08,90,242**	1,16,08,362
Workmen & Staff Welfare Expenses	**2,78,40,291**	1,85,41,777
TOTAL	**22,99,58,267**	17,90,53,323

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

	31ST MARCH, 2009 Rupees	31ST MARCH, 2008 Rupees
R. OTHER MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES :		
Process Chemicals Consumed	**69,43,720**	51,27,495
Power & Fuel	**16,62,51,714**	12,41,29,393
Repairs & Maintenance:		
- Plant & Machinery	**4,45,15,671**	5,33,39,676
- Building	**2,57,06,494**	1,62,25,656
- Others	**90,58,158**	67,72,505
Rent	**22,02,320**	20,30,122
Insurance	**1,05,88,719**	79,44,349
Rates & Taxes :		
- Excise Duty	**8,82,787**	28,84,101
- Others	**1,46,45,919**	58,83,556
Travelling & Conveyance	**3,70,30,527**	2,98,97,960
Printing & Stationery	**51,65,522**	45,08,722
Freight & Forwarding	**6,71,64,311**	5,29,68,984
Subscription, Books & Periodicals	**31,62,766**	25,04,394
Postage & Telephones	**1,03,37,217**	92,02,560
Legal & Professional Fees	**3,17,63,677**	2,90,70,715
Advertising Expenses	**87,340**	85,971
Exhibitions & Seminar Expenses	**48,15,454**	42,68,671
Discount & Commission	**3,55,53,869**	2,35,71,060
Donations	**6,10,656**	4,14,000
Directors Sitting Fees	**3,40,000**	3,35,000
Bank Charges	**1,66,91,413**	1,18,18,543
Security Charges	**81,06,463**	62,75,873
Water Charges	**76,70,018**	73,50,555
Bad Debts written off	**7,19,677**	-
Loss on Sale/Discard of assets	**69,46,654**	1,75,77,565
Foreign Exchange Differences (Net)	**3,45,23,575**	-
Miscellaneous Expenses	**3,20,80,739**	2,22,16,267
TOTAL	**58,35,65,380**	44,64,03,693
S. INTEREST & FINANCE CHARGES :		
Interest on Term Loans	**2,67,30,530**	2,85,38,329
Interest on Working Capital	**7,48,79,905**	4,98,74,349
Interest - Others	**1,02,00,099**	52,43,099
Other Financial Charges, etc.	**1,05,62,186**	40,94,331
Net Foreign Exchange Fluctuation (Gain)/Loss	**5,02,22,244**	(40,32,331)
TOTAL	**17,25,94,964**	8,37,17,777

NOTES TO THE ACCOUNTS

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

T. NOTES TO THE ACCOUNTS

1) Accounting policies adopted in preparation of financial statements:

(a) **Basis for preparation of accounts :**

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards notified by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(b) **Revenue Recognition :**

Revenue/Income and Cost/Expenditure are generally accounted on accrual basis as they are earned or incurred, except in case of significant uncertainties.

Sales are recognised when goods are supplied and are recorded net of sales tax, sales returns and trade discounts.

Interest income is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

Dividend incomes on investments are accounted for as and when the right to receive the payment is established.

(c) **Fixed Assets :**

Fixed assets are stated at cost less depreciation. The cost of fixed assets includes all costs incidental to acquisition, including taxes, duties (net of CENVAT and set-off), cost of installation and commissioning, interest on specific borrowings obtained for the purposes of acquiring the fixed assets and other indirect expenses, incurred upto trial run.

(d) **Depreciation on Fixed Assets:**

Depreciation is provided on straight line basis at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on addition/deletion, as the case may be, to the fixed assets made during the year is provided on pro-rata basis from/upto the date of such addition/deletion.
Leasehold Land is amortised over the period of lease.

(e) **Valuation of Inventories:**

Inventories are valued at the lower of cost or net realisable value. Cost of inventories is ascertained on the weighted average basis and includes, in the case of finished goods and work-in-process, production overheads at pre-determined rates and excise duty, where applicable.

(f) **Investments:**

Investments being long term are stated at cost.

(g) **Foreign Currency Translations:**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions.

Foreign currency assets and liabilities are converted at contracted/year end rates as applicable.

Exchange differences on settlement/conversion other than in respect of long term monetary items arising after 1st April, 2007 till 31st March, 2011 are recognised in the Profit and Loss Account. The exchange difference in respect of long term monetary items arising after 1st April, 2007 till 31st March, 2011 to the extent they relate to acquisition of fixed assets are adjusted to the cost of fixed assets and the balance is accumulated in the 'Foreign Currency Monetary Item Translation Difference Account' which is amortised over the balance period of long term monetary item but not later than 31st March, 2011. Wherever forward contracts are entered into, the premium is dealt with in the Profit and Loss Account over the period of the contracts.

(h) Research & Development:

Revenue expenditure on Research and Development is charged to the Profit & Loss Account of the year in which it is incurred. Capital expenditure on Research and Development is shown as an addition to Fixed Assets.

(i) Employee Benefits:

Gratuity and Leave Encashment which are defined benefits, are provided on the basis of actuarial valuation at the balance sheet date carried out by an independent actuary.

Contributions payable to the Government Provident Fund which is a defined contribution Plan, is charged to Profit and Loss Account during the year.

(j) Borrowing Costs:

Borrowing Costs that are attributable to the acquisition, construction of qualifying assets are capitalised as part of cost of such assets upto the date the assets are ready for intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

(k) Taxation:

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

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

(l) Segment Reporting:

The Company has considered business segment as the primary segment. The Company is engaged in the manufacture of specialty chemicals which in the context of Accounting Standard 17 is considered as the only business segment.

(m) Earning Per Share:

Basic earning per share is calculated by dividing the net profit for the year attributable to the equity shareholders by the weighted average of the number of equity shares outstanding during the year. The basic and diluted earnings per share are same for the year.

(n) Prior Period Items:

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

(o) Government Grants:

Grants received for capital expenditure incurred are included in Capital Reserves.

(p) Impairment of Assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(q) Provision and Contingent Liabilities:

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Company has a possible obligation and it is probable that a cash outflow will not be required to settle the obligation.

2. **Secured Loans:**

a) The terms loans amounting to **Rs.47,85,54,096/-** (Previous Year Rs.45,87,94,254/-) are secured by a first pari passu charge on specified assets and a second pari passu charge on inventories and book debts of the Company.

b) The cash credit and working capital demand loans from banks amounting to **Rs.62,59,58,340/-** (Previous Year Rs.38,44,55,735/-) are secured by a first pari passu charge on inventories and book debts and a second charge on the specified assets of the Company.

3. **Contingent Liabilities & Claims not provided for :**

	2008-2009 Rupees	2007-2008 Rupees
(a) Counter Guarantees given to Banks	**1,50,00,000**	1,59,15,500
(b) Claims against the Company not acknowledged as debts but disputed in appeals		
— Excise Duty	**1,17,516**	1,17,516
— Income Tax	**4,05,16,928**	2,84,92,856

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

(Net of Advances)	**5,10,12,180**	3,25,78,810

5. **Research & Development:**

Expenses	**2008-2009 Rupees**	2007-2008 Rupees
a) Salaries & Allowances	**1,21,81,005**	83,08,316
b) R&D Materials & Other Expenses	**2,40,14,699**	1,06,55,377
c) Professional Fees	**37,00,000**	23,80,000
d) Capital Expenditure	**3,44,83,879**	34,09,737
TOTAL	**7,43,79,583**	2,47,53,430

6. **Auditor's Remuneration:**

Expenses	**2008-2009 Rupees**	2007-2008 Rupees
a) Audit Fees	**10,00,000**	8,00,000
b) Tax Audit / VAT Audit fees	**4,00,000**	3,00,000
c) Other Services	**5,15,000**	4,40,309
d) Out of Pocket Expenses	**78,222**	1,01,687
TOTAL	**19,93,222**	16,41,996

7. **Managerial Remuneration:**

Expenses	**2008-2009 Rupees**	2007-2008 Rupees
Remuneration paid to Managing Director and Wholetime Directors:		
a) Salary & Allowances	**1,87,20,000**	78,21,000
b) Commission	**1,36,00,000**	2,20,00,000
c) Perquisites	**7,59,519**	1,35,933
d) Contribution to Provident Fund & Other Funds	**14,97,600**	6,25,680
Sub - Total	**3,45,77,119**	3,05,82,613
Remuneration to the Non-Executive Directors:		
Commission	**15,00,000**	14,25,000
Sub - Total	**15,00,000**	14,25,000
TOTAL	**3,60,77,119**	3,20,07,613

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

Particulars	2008-2009		2007-2008	
	Rupees	**Rupees**	Rupees	Rupees
Profit before Taxation as per Profit & Loss Account		**32,05,47,981**		33,63,97,742
Add: Depreciation as per accounts	**14,68,57,095**		12,00,38,997	
Managerial Remuneration	**3,60,77,119**		3,20,07,613	
Loss on Sale of Assets as per accounts	**69,46,654**	**18,98,80,868**	1,75,77,565	16,96,24,175
Total		**51,04,28,849**		50,60,21,917
Less: Depreciation calculated under Section 350 of the Companies Act, 1956	**14,68,57,095**		12,00,38,997	
Loss on Sale of Assets as per Section 349 of Companies Act, 1956.	**69,46,654**	**15,38,03,749**	1,75,77,565	13,76,16,562
Net Profit in terms of Section 198 of Companies Act, 1956.		**35,66,25,100**		36,84,05,355
Maximum Remuneration payable to managing director & wholetime directors – 10% of Net Profit as computed above as per Companies Act, 1956.		**3,56,62,510**		3,68,40,536
Maximum Commission payable to non-executive directors – 1% of Net Profit as computed above as per Companies Act, 1956.		**35,66,251**		36,84,054
Managerial Remuneration [including commission] paid/payable to wholetime directors subject to a ceiling of 10% of Net Profits as calculated above but restricted to [as determined by the Board of Directors]		**3,45,77,119**		3,05,82,613
Commission to non- executive directors subject to a ceiling of 1% of Net Profits as calculated above but restricted to [as determined by the Board of Directors]		**15,00,000**		14,25,000

8. A. Capacity & Production:

Particulars	Unit	2008-2009		2007-2008	
		Installed Capacity per annum	**Actual Production**	Installed Capacity	Actual Production per annum
1. Organic Surface Active Agents / Preparations.	MT	**92,000**	**#68,041**	70,500	#58,582
2. Fatty Alkanolamides / Fatty Acid Esters.	MT	**6,600**	**##2,300**	6,600	##2,322
3. Specialty Chemicals.	MT	**6,240**	**3,296**	5,500	3,563

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

\# Includes (i) 3109 MT (Previous Year 2295 MT) used for captive consumption
(ii) 216 MT (Previous Year 947 MT) processed from third parties.

\## Includes 38 MT used for captive consumption. (Previous Year: 203 MT)

B. Net Sales Turnover:

Particulars	2008-2009 Qty. MT	2008-2009 Rupees	2007-2008 Qty. MT	2007-2008 Rupees
1. Organic Surface Active Agents / Preparations.	**65,159**	**482,99,87,606**	56,148	325,84,64,927
2. Fatty Alkanolamides / Fatty Acid Esters.	**2,276**	**24,45,58,566**	2,255	17,93,73,835
3. Specialty Chemicals.	**#3,259**	**48,56,37,300**	#3,577	38,32,54,124
Total		**556,01,83,472**		382,10,92,886

 # Includes 25 MT (Previous year : 11 MT) in respect of traded goods.

C. Finished Goods:

Particulars	2008-2009				2007-2008			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty. M.T.	Rupees	Qty. M.T.	Rupees	Qty. M.T.	Rupees	Qty. M.T.	Rupees
1. Organic Surface Active Agents / Preparations.	**2935**	**15,37,11,541**	**2708**	**15,26,07,113**	2796	13,77,16,553	2935	15,37,11,541
2. Fatty Alkanolamides/ Fatty Acid Esters.	**146**	**1,16,48,951**	**132**	**1,04,68,962**	282	1,51,46,803	146	1,16,48,951
3. Specialty Chemicals.	**207**	**2,05,02,445**	**#276**	**298,39,368**	210	1,95,08,403	207	2,05,02,445
Total		**18,58,62,937**		**19,29,15,443**		17,23,71,759		18,58,62,937

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

D. Raw Materials Consumed:

Particulars	2008-2009 Qty. M.T.	2008-2009 Rupees	2007-2008 Qty. M.T.	2007-2008 Rupees
1. Fatty Alcohols, Fatty Acids, Oils & Ethylene Oxide	**37,384**	**297,52,79,374**	32,148	178,98,34,421
2. Acids, Alkalies & Amines	**19,275**	**61,39,80,935**	17,182	39,54,50,684
3. Others		**38,86,82,741**		30,24,36,833
Total		**397,79,43,050**		248,77,21,938

E. Purchase of Goods:

Particulars	2008-2009 Qty. M.T.	2008-2009 Rupees	2007-2008 Qty. M.T.	2007-2008 Rupees
Speciality Chemicals	**32**	**2,07,78,903**	11	16,08,961

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

(i) Value of Raw Materials Consumed:

Particulars	2008-2009		2007-2008	
	Rupees	**% of Total Consumption**	Rupees	% of Total Consumption
Imported	**163,63,76,426**	**41.14**	90,97,93,497	36.57
Indigenous	**234,15,66,624**	**58.86**	157,79,28,441	63.43
Total	**397,79,43,050**	**100.00**	248,77,21,938	100.00

(ii) Value of Stores & Spares Consumed:

Particulars	2008-2009		2007-2008	
	Rupees	**% of Total Consumption**	Rupees	% of Total Consumption
Imported	**13,33,364**	**3.74**	2,07,206	0.49
Indigenous	**3,43,45,247**	**96.26**	4,21,27,082	99.51
Total	**3,56,78,611**	**100.00**	4,23,34,288	100.00

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

Particulars	2008-2009 Rupees	2007-2008 Rupees
1. Raw Materials & Packing Materials	**1,82,47,11,226**	94,90,19,979
2. Capital Goods	**3,58,14,406**	3,54,31,909
3. Spares & Others	**43,79,680**	25,63,573

H. **Expenditure in Foreign Currencies:**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Foreign Travel	**64,63,022**	53,56,318
Commission Exports	**3,30,08,398**	2,11,69,856
Professional Fees	**37,57,129**	69,53,734
Books, Periodicals, Exhibition, Subscription & Membership, Training, Seminar.	**71,00,265**	24,08,582
Interest & Processing Charges on Borrowings	**1,29,70,408**	34,86,322
Others	**2,00,60,250**	2,05,16,762

I. **Earnings in Foreign Currencies:**

Particulars	2008-2009 Rupees	2007-2008 Rupees
Export of goods on F.O.B. basis	**290,41,31,627**	210,90,53,664

9. **Excise Duty:**

The Company has made provision excise duty **Rs. 71,96,274/-** (Previous Year Rs. 1,44,00,699/-) on stocks lying in bond at the year end and the same is also included in the valuation of inventories. This method of accounting has no effect on the profit for the year.

10. **Micro and Small Scale Business Entities:**

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. This Information as required to be disclosed under the Micro, Small and Medium

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

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

12. **Derivative Instruments:**
The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.
There are no forward exchange contracts outstanding as at 31st March,2009.
The Year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	**31st March 2009**	31st March 2008
Assets		
In Euro	**5,03,418**	2,52,001
(Equivalent approximate in Rs.)	**3,39,95,818**	1,59,71,792
In USD	**1,04,45,286**	1,04,29,453
(Equivalent approximate in Rs.)	**52,97,84,921**	41,83,77,482
Liability		
In USD	**1,77,25,234**	1,81,58,034
(Equivalent approximate in Rs.)	**89,90,23,894**	72,84,09,548

13. **Earning Per Share:**

Particulars	**31st March 2009 Rupees**	31st March 2008 Rupees
A. Profit after tax as per Profit & Loss Account	**26,71,60,242**	26,39,74,920
B. Weighted average number of equity shares of Rs. 10/- each outstanding during the year	**85,63,688**	85,63,688
C. Earning Per Share - Basic and Diluted	**31.20**	30.82

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

i. The Company has recognised **Rs. 93,90,136/-** (Previous year Rs 73,74,129/-), being Company's contribution to Government Provident Fund, as an expense and included in Personnel Costs [Schedule-Q] in the Profit and Loss Account.

ii. **Defined Benefit Plans**

General Description of Defined Benefit Plans

Gratuity Plan

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

Leave Plan

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

	Gratuity		Leave Salary	
Particulars	**31/03/2009** Rupees	**31/03/2008** Rupees	**31/03/2009** Rupees	**31/03/2008** Rupees
Actuarial Assumptions for the year				
Discount Rate	8.00%	8.25%	8.00%	8.25%
Expected Rate of Return on Plan Assets	9.00%	9.00%	0.00%	0.00%
Proportion of Employees opting for early retirement	0.00%	0.00%	0.00%	0.00%
Average Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
Changes in the Present Value of Obligation				
Present Value of the Obligation as at beginning of the year	2,48,33,127	1,82,90,620	1,33,28,493	94,03,420
Interest Cost	19,86,650	15,08,976	10,66,279	7,75,782
Past Service Cost	-	-	-	-
Current Service Cost	19,23,430	19,88,518	15,55,722	12,83,252
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(10,02,000)	(5,15,376)	(8,73,532)	(4,94,712)
Actuarial (gain) / loss on obligations	80,06,409	35,60,389	27,51,148	23,60,751
Present Value of the Obligation as at end of the year	3,57,47,616	2,48,33,127	1,78,28,110	1,33,28,493
Changes in Fair Value of Plan Assets:				
Present Value of Plan Assets as at beginning of the year	1,66,83,424	1,31,33,417	-	-
Expected Return on Plan Assets	16,32,328	14,00,719	-	-
Actuarial Gain / (Loss) on Plan Assets	(2,877)	(90,466)	-	-
Contributions made by the Company	39,09,100	27,55,130	-	-
Benefits Paid	(10,02,000)	(5,15,376)	-	-
Fair Value of Plan Assets as at end of the year	2,12,19,975	1,66,83,424	-	-
Actual Return on Plan Assets				
Expected Return on Plan Assets	16,32,328	14,00,719	-	-
Actuarial gain / (loss) on Plan Assets	(2,877)	(90,466)	-	-
Actual Return on Plan Assets	16,29,451	13,10,253	-	-
Reconciliation of the Present Value of Defined Benefit Obligation & the Fair Value of Assets				
Present Value of the Funded obligation as at end of the year	3,57,47,616	2,48,33,127	-	-
Fair Value of Plan Assets as at end of the year	2,12,19,975	1,66,83,424	-	-
Present Value of the Unfunded obligation as at end of the year	-	-	1,78,28,110	1,33,28,493
Net Liability recognized in the Balance Sheet	1,45,27,641	81,49,703	1,78,28,110	1,33,28,493
Expenses Recognized in the Profit & Loss Account				
Current Service Cost	19,23,430	19,88,518	15,55,722	12,83,252
Past Service Cost	-	-	-	-
Interest Cost	19,86,650	15,08,976	10,66,279	7,75,782
Expected Return on Plan Assets	(16,32,328)	(14,00,719)	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Actuarial (gain) / loss to be recognized	80,09,286	36,50,855	27,51,148	23,60,751
Total Expenses recognized in the Profit and Loss Account	1,02,87,038	57,47,630	53,73,149	44,19,785
Percentage of each category of Plan Assets to the total Fair Value of Plan Assets as at end of the year				
Bank Deposits (Special Deposit Scheme 1975)	-	-	-	-
Debt Instruments	-	-	-	-
Administered by Life Insurance Corporation of India	100%	100%	-	-
Others	-	-	-	-
The actual return on Plan Assets:				
Actual Returns on Plan Assets administered by LIC of India	16,29,451	13,10,253	-	-

15. **Segment Reporting (Accounting Standard 17):**

a. Primary Segment : Business Segment
The Company is engaged in the manufacture of speciality chemicals which is considered as the only business segment.

b. Secondary Segment : Geographical Segment

Segment Revenues	31st March 2009 Rupees	31st March 2008 Rupees
A. Revenues within India	**265,59,83,625**	172,41,47,012
B. Revenues outside India	**290,41,99,847**	209,69,45,874
Total	**556,01,83,472**	382,10,92,886

Note: All the assets of the Company are located within India.

16. **Related Parties Disclosures:**

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

Subsidiaries:
Galaxy Chemicals Inc.
Galaxy Holdings (Mauritius) Ltd.

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

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

Entities over which key management personnel [whole-time directors] are able to exercise significant influence:
Galaxy Emulsifiers Private Limited
Galaxy Finsec Private Limited
Galaxy Chemicals [Partnership Firm]
Galaxy Estates & Holdings [Partnership Firm]
Galaxy Investments [Partnership Firm]
Shubh Estates & Properties [Partnership Firm]

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

(Rupees)

Particulars	Subsidiary Company		Entities where Key Management Personnel can exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
REVENUE TRANSACTIONS								
Commission Paid								
Galaxy Chemicals Inc.	27816000	17361375						
Managerial Remuneration								
U. Shekhar					8549915	7578173		
G. Ramakrishnan					8467150	7654712		
S. R. Shanbhag					8816539	7678080		
U. K. Kamat					8743515	7671648		
Interest paid on Fixed Deposits / Loans								
U. Shekhar					1273847	274784		
G. Ramakrishnan					58261	100257		
S. R. Shanbhag					565763	225927		
Karthik Shekhar							84936	78467
Nandini Shekhar							120050	99000
Jayashree Ramakrishnan							170046	271892
Vandana Shanbhag							33000	31751
Pranav Shanbhag							5000	5000
Sneha Shanbhag							5000	5000
Dividend paid								
Galaxy Chemicals			11194250	7806050				
Galaxy Investments			206580	144606				
Galaxy Emulsifiers Pvt Ltd			678750	475125				
U. Shekhar					5141800	3599260		
G. Ramakrishnan					2925135	2047595		
S. R. Shanbhag					5085105	3559574		
U.K.Kamat					50000	35000		
Lakshmy Shekhar							10500	7350
Karthik Shekhar							145000	101500
Jayashree Ramakrishnan							2241215	1568851
Vandana Shanbhag							137500	96250

(Rupees)

Particulars	Subsidiary Company		Entities where Key Management Personnel can exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
BALANCES AS AT YEAR END								
Investments								
Galaxy Chemicals Inc.	4617814	4617814						
Galaxy Holdings (Mauritius) Ltd.	49							
Share Application Money								
Galaxy Holdings (Mauritius) Ltd.	96952							
Incorporation Expenses								
Galaxy Holdings (Mauritius) Ltd.	346168							
New Company under Incorporation	4328060							
Inter-Corporate Loans given								
Galaxy Chemicals Inc.	43112000							
Loans / Fixed Deposits received								
U. Shekhar					15190576	3841783		
G. Ramakrishnan					761230	1782545		
S. R. Shanbhag					5913461	2757753		
Karthik Shekhar							920000	700000
Nandini Shekhar							1300000	1100000
Jayashree Ramakrishnan							1450000	3450000
Vandana Shanbhag							300000	300000
Pranav Shanbhag							50000	50000
Sneha Shanbhag							50000	50000
Accounts Payable								
Galaxy Chemicals Inc.	21021075	2477120						

17. Operating Leases:

a) Assets taken on operating lease:
The Company has operating lease agreements, primarily for leasing office space and residential premises for its employees. Most of the lease agreements provide for cancellation by either party with a notice period of 30 days. Lease payments recognised in the Profit & Loss Account for the year are Rs.22,02,320 (Previous Year Rs.20,30,122).

b) Assets given on operating lease:
The Company has operating lease agreements in respect of residential premises. These agreements provide for a cancellation by either party with a notice period of 30 days. Lease Rental Incomes recognised in the Profit & Loss Account for the year are Rs.1,81,250 (Previous Year Rs.1,72,540).

18. Till earlier year the Company was recognising as income or as expense exchange differences arising on all foreign currency monetary items. During the year ended 31st March 2009 the company has exercised the option provided by newly inserted paragraph 46 in AS-11, The Effect of Changes in Foreign Exchange Rates. Accordingly, in respect of accounting periods commencing on or after 1st April 2007 exchange difference in respect of long term foreign currency liability to the extent relatable to acquisition of depreciable capital assets has been adjusted to the cost of the assets and the balance exchange difference in respect of long term foreign currency monetary items has been accumulated in 'Foreign Currency Monetary Items Translation Difference Account'. The amount adjusted on this account to the cost of fixed assets shall be depreciated over the balance life of the assets and the amount in 'Foreign Currency Monetary Items Translation Difference Account' shall be amortised over the balance period of the long term foreign currency liability but not beyond 31st March 2011. The amount recognised as expense in the earlier years net of amount to be amortised has been credited to the General Reserve.

Due to the above change in the method of accounting, the profit for the year is higher by Rs. 5,13,04,395/-, depreciation for the year is higher by Rs. 8,690/-, there is a balance of Rs. 19,17,500/- in 'Foreign Currency Monetary Items Translation Difference Account', the Net Block of Fixed Assets is higher by Rs. 3,63,70,728/-, Capital Work-in-Progress is higher by Rs. 1,49,24,977/- and the balance in the General Reserve is higher by Rs.28,76,250/-.

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

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No. 39877 State Code 11

Balance Sheet 31 03 09

Date Month Year

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

Public Issue	Equity Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

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

Total Liabilities	Total Assets
2595842650	2595842650

Sources of Funds

Paid-up Capital	Reserves & Surplus
85636880	1053570471
Secured Loans	**Unsecured Loans**
1104512436	190617261
Deferred Tax Liabilities (Net)	
161505602	

Application of Funds

Net Fixed Assets	Investments
1558438614	5007215
Net Current Assets	**Misc. Expenditure**
1030479321	NIL
Accumulated Losses	**Foreign Currency Money Translation Difference Account**
NIL	1917500

IV. Performance of Company (Amount in Rupees)

Turnover	Total Expenditure
5560183472	5239635491
(+) Profit / (-) Loss Before Tax	**(+) Profit / (-) Loss After Tax**
+320547981	+267160242
Earning per share in Rupees	**Dividend Rate %**
31.20	50%

V. Generic names of principal products of the company

(ITC Code)	3 4 0 2 1 1 0 0
	FATTY ALCOHOL SULPHATES AND
	FATTY ALCOHOL ETHER SULPHATES
(ITC Code)	3 4 0 2 1 9 0 0
	AMPHOTERIC SURFACTANTS
(ITC Code)	3 4 0 2 1 3 0 0
	ALKANOLAMIDES/FATTY ACID
	ESTERS
(ITC Code)	3 4 0 2 1 1 0 0
	SULFOSUCCINATES
(ITC Code)	3 4 0 2 9 0 0 9
	ORGANIC SURFACE ACTIVE
	PREPARATIONS
(ITC Code)	3 4 0 2 1 2 0 0
	QUARTERNARY AMMONIUM
	COMPOUNDS
(ITC Code)	3 4 0 2 1 3 0 0
	ETHYLENE OXIDE CONDENSATES
	AND TEXTILE AUXILIARIES

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

As per our Report attached.

For S.V. PINGE & CO.
Chartered Accountants

S. V. PINGE
Proprietor

For and on behalf of the Board

U. SHEKHAR
Chairman &
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 13, 2009

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2009

	Particulars	2008-09 Amount Rupees	2008-09 Amount Rupees	2007-08 Amount Rupees	2007-08 Amount Rupees
A	**Cash Flow from Operating Activities**				
	Profit before Tax, Extraordinary items		**32,05,47,981**		33,63,97,742
	Adjustments for:				
	Add :				
	Depreciation	**14,68,57,095**		12,00,38,997	
	Interest paid	**17,25,94,964**		8,37,17,777	
	Loss on Sale of Assets	**69,46,654**	**32,63,98,713**	1,75,77,565	22,13,34,339
	Less :				
	Dividend Income	**(53,800)**		(39,000)	
	Interest on Bank Deposits	**(2,95,434)**		(8,20,939)	
	Interest Others	**(5,92,298)**	**(9,41,532)**	(2,09,292)	(10,69,231)
	Operating Profit before Working Capital Changes		**64,60,05,162**		55,66,62,850
	Working Capital Changes				
	Inventories	**(6,40,18,546)**		(8,15,34,354)	
	Trade & Other Receivables	**(14,94,50,398)**		(13,87,85,212)	
	Other Advances	**(12,15,65,912)**		(2,93,67,115)	
	Increase/((Decrease) in Current Liabilities	**17,65,02,798**		9,37,05,399	
	Other Liabilities	**1,08,77,555**	**(14,76,54,503)**	26,26,423	(15,33,54,859)
	Cash generated from Operations		**49,83,50,659**		40,33,07,991
	Income Taxes Paid		**(7,06,87,807)**		(5,88,72,502)
	Net Cash Flow from Operating Activities (a)		**42,76,62,852**		34,44,35,489
B	**Cash Flow from Investing Activities**				
	Capital Expenditure		**(45,81,80,209)**		(27,54,10,340)
	Sale of Fixed Assets		**5,09,584**		7,57,459
	Investment in Subsidiary		**(97,001)**		-
	Dividend Income		**53,800**		39,000
	Interest on Bank Deposits		**2,95,434**		8,20,939
	Interest Others		**5,92,298**		2,09,292
	Net Cash used in Investing Activities (b)		**(45,68,26,094)**		(27,35,83,650)
C	**Cash Flow from Financing Activities**				
	Net Secured Borrowings		**26,12,62,447**		28,01,65,514
	Sales Tax Deferrals / MIDC Incentives		**(20,86,929)**		(17,07,786)
	Fixed Deposits		**161,10,000**		71,10,000
	Receipt/(Repayment) of Loans from Directors		**(15,93,379)**		4,37,049
	Loan from Others		**33,30,516**		(21,60,05,291)
	Foreign Currency Translation difference		**9,58,750**		-
	Interest & Finance Charges		**(17,25,94,964)**		(8,37,17,777)
	Equity Dividend & Dividend Tax thereof		**(5,00,95,434)**		(3,50,66,804)
	Net Cash used in Financing Activities (c)		**5,52,91,007**		(4,87,85,095)
	Net Increase/(Decrease) in Cash and Cash Equivalents (a) + (b) + (c)		**2,61,27,765**		220,66,744
	Cash and Cash Equivalents - Opening Balance		**3,30,57,925**		1,09,91,181
	Unrealised Foreign Exchange Gain/ (Loss)	**(19,759)**		(6,434)	
	Cash and Cash Equivalents - Closing Balance	**5,92,05,449**	**5,91,85,690**	3,30,64,359	3,30,57,925
	Net Increase/(Decrease) in Cash and Cash Equivalents		**2,61,27,765**		2,20,66,744

As per our Report attached.

For S.V. PINGE & CO.
Chartered Accountants

For and on behalf of the Board

S. V. PINGE
Proprietor

U. SHEKHAR
Chairman & 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 13, 2009

Statement

pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Financial Year Ending of the Subsidiary	Number of Shares held	Extent of holding	For Financial Year of the Subsidiary		For the previous Financial Years since it became a Subsidiary	
				Profits/(Losses) so far of the Holding Company and not dealt within the books of Account of the Holding Company (Except to the extent dealt within Col.6)	Profits/(Losses) so far of the Holding Company and dealt within the books of Account of the Holding Company	Profits/(Losses) so far of the Holding Company and not dealt within the books of Account of the Holding Company (Except to the extent dealt within Col.8)	Profits(Losses) so far of the Holding Company and dealt within the books of Account of the Holding Company
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Galaxy Chemicals Inc.,	31/3/2009	12000 shares of one cent per share i.e. US $ 120	100.00%	US $ 21,010	Nil	US $ 28,423	Nil
Galaxy Holdings (Mauritius) Ltd.	31/3/2009	1 share of one USD per share i.e. US $ 1	100.00%	US $ (11,410)	Nil	Nil	Nil

For and on behalf of the Board

U. SHEKHAR
Chairman & 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 13, 2009

DIRECTORS' REPORT
of GALAXY CHEMICALS INC., USA

To the Members of **GALAXY CHEMICALS INC.,**

Your Directors have pleasure in presenting to you the Fifth Annual Report of your Company together with the Audited Statement of Accounts for the financial year ended 31st March, 2009.

REVIEW OF OPERATIONS

Galaxy continues to embark on numerous development projects for the future with key global accounts which would fructify in 2009-2010 onwards and is on threshold of a major growth for its parent company Galaxy Surfactants Limited

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

AUDITORS

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

For and on behalf of the Board

Austin, Texas	**S. R. SHANBHAG**	**G. RAMAKRISHNAN**
May 23, 2009.	Director	Director

AUDITORS' REPORT
of GALAXY CHEMICALS INC., USA

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

We have audited the attached Balance Sheet of **GALAXY CHEMICALS INC.,** as at 31st March, 2009, and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The Company has been incorporated on April 24th, 2003 in the State of New Jersey, United States of America and is a wholly owned subsidiary of Galaxy Surfactants Limited, Navi Mumbai, India. We are informed that as per the laws of United State of America, the Company is not required to get its accounts audited. However, in order to comply with the provisions of Section 212 of the Companies Act, 1956, we have audited the Company's Accounts for the accounting year ended 31st March, 2009.

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

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 1 above :
   a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
   c) The Balance Sheet & Profit and Loss Account dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet & Profit and Loss Account dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act,1956;

3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
   b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

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

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
May 29, 2009

GALAXY CHEMICALS INC., USA
ANNEXURE TO THE AUDITORS' REPORT

OF EVEN DATE ON THE ACCOUNTS OF GALAXY CHEMICALS INC. FOR THE YEAR ENDED 31ST MARCH, 2009.

[Referred to in paragraph 1 of the above Report]

1. The nature of business / activities of the Company during the year is such that clauses (ii) and (v) to (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year under review.

2. In respect of fixed assets:
   a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b) As explained to us, the management has physically verified the fixed assets during the year. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of its business.
   c) The Company has not disposed off any of the fixed assets during the year.

3. The Company has neither granted nor taken any loans, secured or unsecured, to and from companies, firms or other parties covered under Section 301 of the Act. Accordingly clauses (b), (c), (d), (f) and (g) of Para 4 (iii) of the aforesaid Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets etc and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

S. V. PINGE
Proprietor
Membership No. 44276

Navi Mumbai
Date : May 29, 2009

BALANCE SHEET

AS AT 31ST MARCH, 2009 of GALAXY CHEMICALS INC., USA

	SCHEDULE	31ST MARCH, 2009 US $	31ST MARCH, 2008 US $
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	120	120
Reserves & Surplus	B	1,49,333	1,28,323
Loan Funds			
Unsecured Loan	C	8,50,000	-
Total		9,99,453	1,28,443
APPLICATION OF FUNDS			
Fixed Assets	D		
Gross Block		25,219	24,029
Less: Depreciation		22,782	15,580
Net Block		2,437	8,449
Current Assets, Loans & Advances			
Sundry Debtors		4,14,453	61,751
Cash & Bank Balances	E	95,456	55,590
Loans & Advances	F	7,14,902	7,434
		12,24,811	1,24,775
Less: Current Liabilities & Provisions			
Current Liabilities	G	2,20,634	205
Provision for Tax		7,161	4,576
Net Current Assets		9,97,016	1,19,994
Total		9,99,453	1,28,443
Notes to the Accounts	I		

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

As per our Report attached

For S. V. PINGE & CO.
Chartered Accountants

For and on behalf of the board

S. V. Pinge
Proprietor

S. R. SHANBHAG
Director

G. RAMAKRISHNAN
Director

Navi Mumbai
Date : May 29, 2009

Austin, Texas
Date: May 23, 2009

GALAXY CHEMICALS INC., USA
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	**31ST MARCH, 2009 US $**	31ST MARCH, 2008 US $
INCOME			
Commission Received		**6,00,000**	4,35,000
Bank Interest Received		**1,287**	
Total		**6,01,287**	4,35,000
EXPENDITURE			
Personnel Cost		**3,37,903**	2,54,577
Administrative & Selling Expenses	**H**	**2,28,653**	1,41,375
Total		**5,66,556**	3,95,952
Profit/(Loss) Before Depreciation		**34,731**	39,048
Depreciation	**D**	**5,636**	4,655
Profit/(Loss) Before Tax		**29,095**	34,393
Income Tax		**6,519**	4,577
Less: Prior Year Adjustment-Depreciation		**1,566**	-
Net Profit for the year		**21,010**	29,816
Add : Profit/(Loss) brought forward from last year		**28,423**	(1,393)
Balance carried to Balance Sheet		**49,433**	28,423
Notes to the Accounts	**I**		

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

As per our Report attached

For S. V. PINGE & CO.
Chartered Accountants

S. V. Pinge
Proprietor

Navi Mumbai
Date : May 29, 2009

For and on behalf of the board

S. R. SHANBHAG
Director

G. RAMAKRISHNAN
Director

Austin, Texas
Date: May 23, 2009

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

	31ST MARCH, 2009 US $	31ST MARCH, 2008 US $
A. SHARE CAPITAL:		
12,000 Shares of US$ 0.01 each fully paid up [Previous Year: 12000 Shares of US$ 0.01 each fully paid up]	**120**	120
Total	**120**	120
B. RESERVE & SURPLUS:		
Securities Premium:		
Balance as per last year	**99,900**	99,900
	99,900	99,900
Profit & Loss Account:		
Balance of Profit as per Profit & Loss Account	**49,433**	28,423
	49,433	28,423
Total	**1,49,333**	1,28,323
C. LOAN FUNDS:		
Intercorporate Loans	**8,50,000**	-
Total	**8,50,000**	-

D . FIXED ASSETS:

	Gross Block			Depreciation			Net Block	
Particulars	As at 31-03-08 US $	Additions During the year US $	**As at 31-03-09 US $**	As at 31-03-08 US $	Additions During the year US $	**As at 31-03-09 US $**	**As at 31-03-09 US $**	As at 31-03-08 US $
<u>Tangible Assets</u>								
Motor Car	18,480		**18,480**	13,225	3,696	**16,921**	**1,559**	5,255
Computers *	4,232		**4,232**	1,612	2,481	**4,093**	**139**	2,620
Office Equipments *	1,317	1,190	**2,507**	743	1,025	**1,768**	**739**	574
Total	**24,029**	**1,190**	**25,219**	**15,580**	**7,202**	**22,782**	**2,437**	**8,449**
Previous Year	**21,839**	**2,190**	**24,029**	**10,925**	**4,655**	**15,580**	**8,449**	

* Refer Note 2 of Schedule I - Notes to the Accounts

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

	31ST MARCH, 2009 US $	31ST MARCH, 2008 US $
E. CASH & BANK BALANCES:		
Cash on Hand	**777**	-
Cash at Bank	**94,679**	55,590
Total	**95,456**	55,590
F. LOANS & ADVANCES:		
Prepaid Expenses		
Advances recoverable in cash or in kind	**7,10,162**	2,694
Security Deposits	**4,740**	4,740
Total	**7,14,902**	7,434
G. CURRENT LIABILITIES:		
Advances Received	**2,20,634**	-
Outstanding Expenses	-	205
Total	**2,20,634**	205
H. ADMINISTRATIVE & SELLING EXPENSES:		
Rent	**23,400**	23,800
Insurance	**17,423**	11,654
Travelling & Conveyance	**66,626**	45,547
Printing & Stationery	**3,969**	1,247
Subscriptions, Books & Periodicals	**1,187**	38
Postage & Telephones	**25,132**	14,465
Legal & Professional Fees	**78,562**	41,046
Rates & Taxes	**2,287**	2,124
Advertisement,Seminar & Exhibition Expenses	**3,666**	-
Bank Charges	**609**	296
Donation	**5,000**	-
Miscellaneous Expenses	**792**	1,158
Total	**2,28,653**	1,41,375

NOTES TO THE ACCOUNTS

of GALAXY CHEMICALS INC., USA

I. NOTES TO THE ACCOUNTS

1) Accounting policies adopted in preparation of financial statements:

(a) **Basis for preparation of accounts :**
The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

(b) **Revenue Recognition :**
Revenue/Income and Cost/Expenditure are generally accounted on accrual basis as they are earned or incurred, except in case of significant uncertainties.

(c) **Fixed Assets :**
Fixed assets are stated at cost less depreciation.

(d) **Depreciation on Fixed Assets:**
Depreciation is provided on straight line basis at the following rates.

Motor Car	20.00%
Computers	33.33%
Office Equipments	33.33%

2. During the year the Company increased the rate of depreciation in respect of Computers and Officer Equipments from 20% to 33.33% taking into account the life of these assets. Consequently, the depreciation was re-calculated from the date of capitalisation. The depreciation amount provided during the year includes $ 1566 being depreciation in respect of prior years.

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

As per our Report attached

For S.V. PINGE & CO.
Chartered Accountant

For and on behalf of the Board

S.V. PINGE
Proprietor

Navi Mumbai
May 29, 2009

S. R. SHANBHAG
Director

G. RAMAKRISHNAN
Director

Austin, Texas
May 23, 2009

DIRECTORS' REPORT

TO THE SHAREHOLDERS of GALAXY HOLDINGS (MAURITIUS) LTD

1. The directors have pleasure in submitting their first report to the shareholders together with the audited financial statements for the period ended 31 March 2009.

2. State of affairs and review of activities
   The main object of the Company is to engage in investment holding activities.

3. The directors of the Company at 31 March 2009, all of whom served on the Board throughout the period and up to the date of this report, except where indicated otherwise, are listed below:
   Mr. Amal AUTAR (appointed on 02 October 2008)
   Mr. Sookraj SEECHURN (appointed on 02 October 2008)
   Mr. Uday Krishna KAMAT (appointed on 31 March 2009)

4. Auditors
   Mr. Gaetan Wong To Wing , A.C.A, has been appointed as auditor and is to report to the shareholders for the period under review.

By Order of the Board

DIRECTOR

SECRETARY'S REPORT TO THE SHAREHOLDERS

We certify that we have filed with the Registrar all such returns for the period ended 31 March 2009 as are required of the Company under the Companies Act 2001 .

For Mauritius International Trust Company Limited
Secretary

Date: June 5, 2009

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS of GALAXY HOLDINGS (MAURITIUS) LTD.

This report is made solely to the shareholders of GALAXY HOLDINGS (MAURITIUS) LTD, as a body, in accordance with Section 205 of the Companies Act 2001. My audit work has been undertaken so that I might state to the Company's shareholders those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for my audit work, for this report, or for the opinions I have formed.

Report on the Financial Statements

I have audited the financial statements of GALAXY HOLDINGS (MAURITIUS) LTD which comprise the balance sheet at 31 March 2009 and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that, are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2009, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies *Act 2001*

I have no relationship with, or any interest in, the Company other than in my capacity as auditor.

I have obtained all information and explanations I have required.

In my opinion, proper accounting records have been kept by the Company as far as it appears from my examination of those records.

Mr Gaetan WONG TO WING, ACA
CHARTERED ACCOUNTANT

Date: June 5, 2009
Port Louis,
Republic of Mauritius.

BALANCE SHEET

AS AT 31 MARCH 2009 of GALAXY HOLDINGS (MAURITIUS) LTD

	Note	31 March 2009 USD
Assets		
Current assets		
Cash at bank		2,000
Total Current Assets		2,000
Total Assets		2,000,
Financed by:		
Equity and Liabilities		
Equity		
Share capital	5	1
Share application monies		1,999
Accumulated loss		(11,410)
Total Equity		(9,410)
Current Liabilities		
Borrowings	6	7,550
Other payables	7	3,860
Total Current Liabilities		11,410
Total Equity and Liabilities		2,000

These financial statements have been approved by the Board of Directors on: June 5, 2009

A. AUTAR
Director

S. SEECHURN
Director

U. K. KAMAT
Director

GALAXY HOLDINGS (MAURITIUS) LTD
INCOME STATEMENT FOR THE PERIOD

FROM 02 OCTOBER 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

	Note	Period ended 31 March 2009 USD
Income		-
Expenses		(11,410)
Loss for the period before tax		(11,410)
Tax	8	-
Loss for the period after tax and carried forward		(11,410)
Loss per share	9	(11,410)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
FROM 02 OCTOBER 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

	Share capital USD	Share application monies USD	Accumulated loss USD	Total USD
Issue of share	1		-	1
Movement during the period	-	1,999	-	1,999
Loss for the period	-	-	(11,410)	(11,410)
Balance at 31 March 2009	1	1,999	(11,410)	(9,410)

CASH FLOW STATEMENT

of GALAXY HOLDINGS (MAURITIUS) LTD

FROM 02 OCTOBER 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

	Period ended 31 March 2009 USD
Cash flows from operating activities	
Loss for the period	(11,410)
Operating loss before working capital changes	(11,410)
Increase in other payables	3,860
Net cash used in operating activities	(7,550)
Cash flows from financing activities	
Proceeds from borrowings	7,550
Proceeds from share application monies	1,999
Proceeds from issuance of share	1
Net cash from financing activities	9,550
Net movement in cash and cash equivalents	2,000
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	2,000
Cash and cash equivalents consist of:	
Cash at bank	2,000

NOTES TO THE FINANCIAL STATEMENTS

of GALAXY HOLDINGS (MAURITIUS) LTD

FROM 02 OCTOBER 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

1. INCORPORATION

GALAXY HOLDINGS (MAURITIUS) LTD is a Category 1 Global Business Licence Company incorporated on 02 October 2008 in Mauritius and is governed by the Financial Services Act 2007.

2. NATURE OF ACTIVITIES

The main object of the Company is to engage in investment holding activities.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Standards, interpretations and amendments to published standards *that are not yet effective*

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 01 April 2009 or later periods but which the Company has not early adopted. These new standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have a material effect on the Company's accounting policies and disclosures.

(b) **Income and expenditure**

Income and expenditure are accounted for on an accrual basis.

(c) **Foreign currency translation**

(i) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in United States Dollars (USD), which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into USD at the foreign exchange rates ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of transaction. Foreign exchange differences arising on translation are recognised in the income statement.

(d) **Other payables**

Other payables are stated at cost.

(e) **Borrowings**

Borrowings are recognised at cost since they do not have any fixed terms of repayment.

(f) **Financial instruments**

Financial instruments carried on the balance sheet include cash and cash equivalents, borrowings and other payables. The particular recognition methods are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in note 11.

(g) **Related parties**

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice-versa, or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

(h) **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements, management may make estimates and judgements that affect the reported amounts of assets and liabilities within the next financial year. Where estimates or judgements are made, such estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the financial period, there are no significant estimates or judgements made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. SHARE CAPITAL	31 March 2009 USD
Stated	
Issued and fully paid	
1 ordinary share of USD I	1

6. BORROWINGS	31 March 2009
Current:	**USD**
Loan from related company	7,550

The loan is unsecured, interest free and repayable within one year.

7. OTHER PAYABLES	31 March 2009 USD
Accruals	3,860

8. TAX

The Company has been established as a Category 1 Global Business Licence Company under the Financial Services Act 2007 and is taxable at the rate of 15% for the period ended 31 March 2009. No provision for tax has been made in the financial statements due to the availability of tax losses.

9. LOSS PER SHARE

The loss per share is based on the loss after tax for the period of USD 11,410 and on 1 ordinary share in issue for the period.

10. RELATED PARTY TRANSACTIONS

During the period under review, the Company entered into the following related, party transactions. All transactions were on an arm's length basis.

	31 March 2009
Balance:	**USD**
Loan from related party	7,550

11. FINANCIAL INSTRUMENTS

Fair values

The Company's assets and liabilities include cash and cash equivalents, borrowings and other payables. The carrying amount of these assets and liabilities approximate their fair values.

Financial risk factors

The Company's activities expose it to a variety of financial risks that are associated with the financial instruments in which it invests and markets in which it operates. The following is a summary of the main risks:.

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions only with its related parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Currency risk

The Company's financial assets and liabilities are all denominated in United States Dollars and as such the currency profile of the Company represents only financial assets and liabilities in' its functional currency. Consequently, the Company has no exposure to foreign currency risk.

GALAXY HOLDINGS (MAURITIUS) LTD
DETAILED INCOME STATEMENT FOR THE PERIOD

FROM 02 OCTOBER 2008 (DATE OF INCORPORATION) TO 31 MARCH 2009

	Period ended 31 March 2009 USD
Income	-
Expenses	
Administrative expenses	6,010
Licence and registration fees	1,800
Audit and accountancy fees	1,800
Processing fees	800
Legal and professional fees	1,000
	11,410
Loss for the period before tax	(11,410)
Tax	-
Loss for the period after tax and carried forward	(11,410)

GALAXY SURFACTANTS LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the **TWENTY THIRD ANNUAL GENERAL MEETING** of the Company at the Registered Office of the Company at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai 400 703 at **3.00 p.m.** on **Saturday,** the **18th July, 2009.**

SIGNATURE OF THE ATTENDING SHAREHOLDER/PROXY

Name : ______________________________

FolioNo.: ______________________________

No. of Shares Held : ______________________________

NOTES :

(1) Shareholder/Proxyholder desiring to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.

(2) Shareholder/Proxyholder desiring to attend the meeting should bring his copy of the notice for reference at the meeting.

— — — — — — — — — — — — — — — — — — — (cut here)— — — — — — — — — — — — — — — — — —

GALAXY SURFACTANTS LIMITED

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

PROXY FORM

I/We ______________________________ of ______________________________ in the district of ____________________ being a Shareholder / Shareholders of the above-named company, hereby appoint ______________________________ of ______________________________ in the district of ______________________________ of ______________________________ failing him/her ______________________________ of in the district of, ______________________________ as my/our Proxy to attend and vote for me/us and on my/our behalf at the **TWENTY THIRD Annual General Meeting** of the Company, to be held at the Registered Office of the Company at C-49/2, TTC Industrial Area, Pawne, Navi Mumbai-400 703 at **3.00 p.m.** on **Saturday,** the **18th July, 2009** and at any adjournment thereof.

Signed this ____________________ day of ____________________ 2009.

Reference Folio	Eq.
No. of Shares Eq.	

Affix One Rupee Revenue Stamp

[Signature of Member(s)]

This form is to be used ----------------- (* in favour of / * against) the resolution. Unless otherwise instructed the proxy will act, as he thinks fit.

* Strike out whichever is not desired.

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

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PREMIER CHAMBER OF
TRADE, COMMERCE AND INDUSTRY
(EST. 1907)
A century of service to the nation

IMC RAMKRISHNA BAJAJ NATIONAL QUALITY AWARD TRUST

IMC RAMKRISHNA BAJAJ NATIONAL QUALITY AWARD 2008

CERTIFICATE OF MERIT

AWARDED TO

GALAXY SURFACTANTS LIMITED
Navi Mumbai

IN THE MANUFACTURING CATEGORY

NIRAJ BAJAJ
CHAIRMAN
IMC RAMKRISHNA BAJAJ NATIONAL QUALITY AWARD TRUST

Galaxy Surfactants Ltd.

CORPORATE OFFICE:
C-49/2, TTC Industrial Area, Pawne, Navi Mumbai - 400 703, India
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Email: galaxy@galaxysurfactants.com

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