

Dear Shareholders,

A warm welcome to all of you at the 27th AGM of your Company.

2012-13 was one more challenging year when profits declined year on year, impacted by depressed prices, loss of value due to reversal of commodity markets and increased costs of newly created capacities and assets.

I am pleased to inform you that the present year has started on a note of significantly improved performance and the new initiatives and actions will steer Galaxy to progressive growth in the coming years.

Business Environment

The macro-economic environment in India and the rest of the world continues to be volatile and uncertain, further exacerbated by political upheavals and social unrest in the Middle Eastern countries. All of us are aware of the steep fall of the Rupee and the slowdown of the Indian economy. Egypt as a country witnessed continual unrest, severely impacting the perception of business climate as well as the supply chain of raw materials and finished products. Our operations did get impacted. I would like to acknowledge and commend our members at Egypt for a spirited working, facing these challenges.

Operations and Key Business Results

A. India:

We launched and scaled up the business of Amino Acid Surfactants during the last year. I am pleased to share with you the breakthrough patented development of a green process for manufacture of the key raw material – Acyl Chloride that gives us a significant edge in terms of quality with respect to these Mild Surfactants. The scale up and commercialisation was handled with tremendous agility by our manufacturing team, enabling us to service and delight the customers across various geographies. As I mentioned last year, Mild Surfactants will play a big role in the coming years for Galaxy.

The second stellar work of last year was on phenoxyethanol. The superior configuration of our Jhagadia plant for phenoxyethanol coupled with dedicated efforts on new customer creation and building resulted in big gains for this product.

Thirdly, we increased our share of business with key global customers across various product segments and across various geographies. We are thrilled with the Excellence Award for Innovation from Unilever and Global Performance Award from L’Oreal. We further expanded our customer portfolio for syndet and transparent bathing bar flakes.

B. United States:

TRI-K Industries Inc. continues to march, establishing itself as a significant player in the proteins as well as actives technology increasing its presence across strategic markets. TRI-K accomplished major growth in sales of more than 35% in the cosmetic protein market and consolidated its position for growth in the South American market by opening an office in Brazil. TRI-K continues its thrust in building capabilities and growth by increasing manufacturing capacity for proteins and building its R & D capability with significant investments in people and equipment.

C. Egypt:

Our capex investments have been completed and we have commissioned all our units in Egypt. We completed various quality certifications by our customers including ISO certification and have established exports to over 35 countries. Despite the challenges of political uncertainty and social unrest, our team at Egypt ensured smooth operations without affecting the service to all major customers.

Major agenda for this year will be to increase our capacity utilization, further development of customers and markets and various cost improvement programmes to bring efficiencies in sourcing and supply chain.

How are we preparing ourselves for growth in this turbulent world?

A. Choosing and building customers for long term with care:

We continue to strengthen our relationship and business with key global customers through intense engagement and joint business development projects. We are working together on several innovations and solutions, increasing the product portfolio with all these key customers and supplying to new geographies.

At the same time, with our offices in Brazil, Egypt,

Thailand, Turkey, the Netherlands and USA, we are engaging with and building business with regional and local customers. Our participation in trade shows, exhibitions and conferences have been very fruitful towards a closer interaction with customers in various geographies.

B. Speed:

Speed is a competitive advantage. In this volatile and quick changing business environment, it is imperative to keep our ears close to the ground and respond with agility to changing needs. This demands speed in new product development and flexibility in manufacturing and supply chain operations so as to ensure quick service levels without investment in high working capital and without loss of efficiency and productivity. Internal integration of various functions and processes is essential for faster turnaround and changeover to address varied customer needs. The last year and the present year have been witness to many such wins for Galaxy. We have been able to increase share with customers and win share of competitors in various product lines.

C. Innovation:

The last year was an exciting year for innovation in Galaxy. We have worked on a number of collaborative projects with our customers on new products, formulations and solutions, notable among them being various types of Mild Surfactants, Fatty Isethionates, products for home care and formulations of syndets and transparent bathing bars. The product development and scale-up studies and product assessment are nearly complete and are ready to translate to business in the present and next year. We have also improved existing manufacturing process of our products for improved levels of purities, reduction of effluents and carbon foot print as well as increased productivity by shorter cycle times.

D. Lean thinking and operations:

In a quick changing world, competitiveness demands thinking lean, operating lean and continuous improvement with respect to eliminating waste and reducing our cost of production and service. A number of cost improvement projects have been initiated and worked on resulting in water savings, energy savings and improvement, inventory optimization and logistics efficiencies and higher productivity through debottlenecking. A number of projects on alternative vendor development for better sourcing efficiencies and

standardising SKU's of raw and packing materials and finished products have resulted in significant cost savings.

The enthusiasm generated and the results achieved on these projects have been an important source of learning and development and pride for our members across factories and offices. Furthermore, these initiatives have not only accrued savings for the organization; but furthered our sustainability and responsible care goals. Our Tarapur factories have achieved the objectives set for 2015 on water savings and effluent reduction in the first year itself.

Corporate Social Responsibility

The last year was particularly important for us in the context of successful completion of a pilot project in hand hygiene and health. We completed a pilot project along with a NGO – “Jan Swasthya Sahayog”, for the benefit of underprivileged tribals in forest-fringe areas of Bilaspur district in Chhattisgarh. 260 hand wash stations were installed in households of seven villages. Community education campaigns were carried out with adults and children on importance and benefits of hand washing with soap. The pilot project was a success in improving hygiene and sanitation practices and decreasing the illness rate. We are scaling up this project with further collaboration with “Jan Swasthya Sahayog” to reach and benefit 6000 poor people in the region.

Our personnel across various offices and factories commit themselves voluntarily towards field work to make a difference on aspects of health, hygiene and sanitation to disadvantaged sections of the society.

We look forward to the present and coming years with confidence and acknowledge and thank all the members of Galaxy for spirited working, contribution and support.

Thank You.

U. Shekhar

This does not purport to be a record of
the proceedings of the Annual General Meeting.

Galaxy Surfactants Ltd.

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

www.galaxysurfactants.com