

# Galaxy Surfactants Limited

**Issue Snapshot:**

Issue Open: Jan 29 – Jan 31, 2018

Price Band: Rs. 1470 – 1480

Issue Size: 6,331,674 Equity Shares  
(Entirely Offer for sale)

Offer Size: Rs.930.76 cr – 937.09 cr

QIB	Upto	3,165,836 eq sh
Non Institutional	atleast	949,752 eq sh
Retail	atleast	2,216,086 eq sh

Face Value: Rs 10

Book value: Rs 179.11 (Sept 30, 2017)

Bid size: - 10 equity shares and in multiples thereof

100% Book built Issue

**Capital Structure:**

Pre Issue Equity: Rs. 35.45 cr

Post issue Equity: Rs 35.45 cr

Listing: BSE & NSE

Book Running Lead Manager: ICICI Securities Limited, Edelweiss Financial Services Limited and JM Financial Institutional Securities Limited

Registrar to issue: Link Intime India Private Limited

**Shareholding Pattern**

Shareholding Pattern	Pre issue %	*Post issue %
Promoter and Promoter Group	76.98	70.92
Public & Others	23.02	29.08
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source for this Note: RHP

**Background & Operations:**

Galaxy Surfactant Ltd (GSL) is one of India's leading manufacturers of surfactants and other speciality ingredients for the personal care and home care industries. Its products find application in a host of consumer-centric personal care and home care products, including, inter alia, skin care, oral care, hair care, cosmetics, toiletries and detergent products. Since incorporation in 1986, it has significantly expanded and diversified its product profile, client base and geographical footprint. Its customers include some of the leading multinational, regional and local players in the home and personal care industries. Currently, its product portfolio comprises over 200 product grades, which are marketed to more than 1,700 customers in over 70 countries.

**GSL's products are organized into the following product groups:**

**Performance Surfactants:** Its portfolio of performance surfactants comprises over 45 product grades, and includes anionic surfactants and non-ionic surfactants; and

**Speciality Care Products:** Speciality Care Products group comprises over 155 product grades, and includes amphoteric surfactants, cationic surfactants, UV filters, preservatives, preservative blends and surfactant blends, speciality ingredients such as mild surfactants, syndet and transparent bathing bars and proteins, fatty alkanolamides and fatty acid esters, and other care products.

While GSL commenced operations as a local supplier to FMCG companies in India, it has significantly expanded and diversified scale and scope of operations over the years so as to become a global supplier to FMCG companies across major geographies, such as Africa Middle East Turkey (AMET), Asia Pacific (APAC), Americas (North and South) and Europe. Its diversified customer base currently comprises multinational, regional and local FMCG companies, including, inter alia, Cavinkare Private Limited, Colgate-Palmolive (India) Limited, Dabur India Limited, Henkel, Himalaya, L'ORÉAL, Procter & Gamble Home Products Private Limited, Reckitt Benckiser and Unilever.

At present, GSL has 7 (seven) strategically-located manufacturing facilities, out of which 5 (five) are located in India and 2 (two) are located overseas. It also has set-up 1 (one) pilot plant at Tarapur, Maharashtra, for the scaling up of new products and processes from lab-scale to plant-scale. Out of 5 (five) manufacturing facilities in India, 3 (three) are located at Tarapur, Maharashtra, 1 (one) is located at Taloja, Maharashtra, and 1 (one) is located at Jhagadia, Gujarat. Many of its key customers has audited and approved manufacturing facilities and processes, which has helped the company to establish its reputation and reliability as a supplier of high-quality products and customized solutions, and also enabled to receive recurring business as well as attract new customers

**Objects of Issue:**

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and the sale of Equity Shares by the Selling Shareholders. Further, GSL expects that listing of the Equity Shares will enhance its visibility and brand image and provide liquidity to its existing Shareholders. The listing of the Equity Shares will also provide a public market for the Equity Shares in India. GSL will not directly receive any proceeds of the Offer and all the proceeds of the Offer will go to the Selling Shareholders in the proportion of the Equity Shares offered by them.

### Competitive Strengths

- Established Global Supplier to Major FMCG Brands with Demonstrated Track Record.
- Robust Product Portfolio Addressing Diverse Customer Needs.
- Proven R&D Capabilities with Dedicated Focus on Innovation.
- Global Footprint Supporting Local Reach.
- Strong Presence in High Growth Markets of India and AMET Region.
- Professional and Experienced Management Team.
- Track Record of Robust Financial Performance.

### Business Strategy:

- Increasing the Share of Speciality Care Products in Sales Mix.
- Continue to Focus on R&D and Product Innovation as part of 'Consumer to Chemistry' Approach.
- Increase Wallet Share with Existing Customers and Continued Focus to Expand Customer Base.
- Mutually Complimentary Two-pronged Strategy to Drive Growth in both Emerging and Mature Markets.
- Continue Improving Financial Performance through Focus on Operational Efficiencies and Functional Excellence.

### Key Concerns

- Dependence on manufacturing facilities, and the risks associated with manufacturing process and operations;
- Fluctuations in the prices of raw materials;
- Inability to accurately forecast demand or price for products, and manage inventory;
- Dependence on key personnel, including Directors and senior management;
- Dependence on major customers, and a loss or significant decrease in business from them;
- Ability to obtain, maintain or renew statutory and regulatory licenses, permits and approvals required to operate business;
- Inability to implement business strategy or effectively sustain and manage growth;
- Changing laws, rules, regulations, Government policies and legal uncertainties;
- Exchange rate fluctuations;
- Inability to protect or use intellectual property rights;
- Inability to manage diversified operations;
- General, political, social and economic conditions in India, the AMET Region and elsewhere; and
- Slowdown in economic growth in India, the AMET Region or the other countries in which GSL operates.

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