

## Galaxy Surfactants Ltd : Good Issue

**IPO Note : Monopoly in surfactants and other specialty ingredients for the personal care and home care industries**

**: Ranking\*\*\***



### Issue details

Price band (Rs)	Rs.1470-1480
IPO Opening Date	29/01/18
IPO Closing Date	31/01/18
Issue Size	Rs.937 Cr.

### Recommendation

Total revenue grew at a **CAGR of 8.24%** from Rs.1582.26 Cr for the FY 2013 to Rs.2171.70 Cr for FY 2017 and Net Profit grew at a **CAGR of 382.47%** in the same period. Net profit grew from Rs.0.27 crore to Rs.146.30 crore in this period. For the six months ended on 30.09.17, it has earned net profit of Rs.75.16 cr. on a turnover of Rs.1197.27 cr. If we annualize the latest earnings and attribute it on fully diluted equity capital of Rs.34.46 crore, the EPS works out to Rs.42.38 then **asking price Rs.1480 is at a P/E of 34+**. The company has debt of Rs.371 crore as on 30 Sept. 2017. It has no listed peers to compare with, thus it is a first mover in this segment. The company may gain post listing hence investment may be considered for a long-term.

### Highlights

- Galaxy Surfactants Ltd. (GSL) is India's one of the leading manufacturer of surfactants and other specialty ingredients for the personal care and home care industries.
- Currently its product portfolio comprises over 200 grades which are marketed to more than 1700 customers in over 70 countries.
- GSL is supplying its products to FMCG companies in India such as Cavinkare Pvt. Ltd., Colgate Palmolive, Dabur India, Henkel, Himalaya, L'OREAL, Procter & Gamble, Reckitt Benckiser, Ayur Herbals, Jyothy Lab
- It is exporting its products to Africa Middle East Turkey, Asia Pacific, Americas and Europe FMCG giants.
- Total debt stood Rs.371.40 crore at the end of 30 Sept. 2017 and debt equity ratio was 0.58.

### Company Introduction

Incorporated in 1986, Galaxy Surfactants Limited is Mumbai, India based manufacturer of surfactants and other specialty ingredients for the personal care and home care industries. The ingredients company manufacture are commonly used in consumer-centric personal care and home care products like skin care, oral care, hair care, cosmetics, toiletries and detergent products. Galaxy surfactants product portfolio includes over 200 product grades, which are marketed to over 1,700 customers in 70 countries.

**Galaxy surfactants products are classified in 2 categories:**

1. Performance Surfactants: This includes anionic surfactants and non-ionic surfactants.
2. Speciality Care Products: This includes amphoteric surfactants, cationic surfactants, UV filters, preservatives, preservative blends and surfactant blends, speciality ingredients



[www.galaxysurfactants.com](http://www.galaxysurfactants.com)

### Financial Summary (Rs. In Crore)

Particulars	Six month ended Sept 2017	FY2017	FY2016	FY2015
Total Income	1197.77	2171.70	1808.75	1876.02
Net Profit	75.16	146.31	102.72	67.45
EPS (Rs)	21.19*	41.26	28.96	19.02

\*EPS not annualized

Source: RHP and ACE Equity

### RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

such as mild surfactants, syndet and transparent bathing bars and proteins, fatty alkanolamides and fatty acid esters, and other care products.

Galaxy surfactants is leading manufacturer of these ingredients. Almost all major FMCG companies in India are Galaxy surfactants customers. This includes Cavinkare Private Limited, Colgate-Palmolive (India) Limited, Dabur India Limited, Henkel, Himalaya, LOREAL, Procter & Gamble Home Products Private Limited, Reckitt Benckiser and Unilever. Company has 7 manufacturing facilities, out of which 5 are located in India and 2 are located overseas. Company has over 1,200 employees.

### Company Promoters:

Mr. Unnathan Shekhar, Mr. Gopalkrishnan Ramakrishnan, Mr. Shashikant Shanbhag and Mr. Sudhir Dattaram Patil are the Promoters of the Company.

### The object of the 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.

### IPO Issue Proceed

For listing gains, GSL is coming out with a maiden IPO as offer for sale of 63.32 Lakh equity shares of Rs. 10 each via book building route with a price band of Rs. 1470-1480 per share to mobilize Rs. 930.76 – Rs. 937.09 crore (based on lower and upper price bands). No fund is going to company being OFS. Issue opens for subscription on 29.01.18 and will close on 31.01.18. Minimum application is to be made for 10 shares and in multiples thereon, thereafter. Post allotment shares will be listed on BSE/NSE. Being OFS, it's paid up equity capital remains same at Rs. 35.46 crore.

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