

Preparing for VISION 2020 : A year of Innovation & People Building



Excerpts from the speech of
Mr. U. Shekhar
Managing Director

Galaxy Surfactants Limited
at the 30th Annual General Meeting of
Shareholders at Navi Mumbai on
26th September, 2016

Dear Shareholders,

A warm welcome to all of you to this 30th Annual General Meeting of your company. 2015-16 was another year of good performance. Profit after tax crossed Rs100 crores for the first time. Galaxy Chemicals Egypt has clocked profits month on month in this present year and we look forward to the year 2016-17 as the transformation year for Galaxy Chemicals Egypt. The specialties business of Tri-K grew its proteins portfolio year on year by 25%. We look forward to a year of profits for the performance products business of Galaxy North America.

Commitment to cleaner and safer environment is embedded in our business strategy. We made excellent strides on our sustainability goals reducing water consumption by 40%, waste by 64% and energy consumption by 33% during last 5 years. In the words of one of our key global multinational customers, Galaxy has always been on the forefront when it comes to sustainable development be it RSPO certification, rail road idea etc. We gained Gold Recognition level in Ecovadis CSR Rating and exceeded expectations in various customer audits and assessments. We acquired status of RSPO certified company for all our facilities in India and Egypt and became the first company in India to receive permission to use RSPO trademark globally.

On our Corporate Social Responsibility front we continue our work on improving the quality of life and engaging with the community through focused projects to improve education, health & hygiene and community development. We extended significant infrastructure support to poor and tribal schools around our factories in building toilets, digging borewells, creating libraries and computer and science laboratories. Our employees play a major role both in the accomplishments on sustainability front and the CSR initiatives. I wish to acknowledge them for their initiative, enthusiasm and spirit.

Ladies and Gentlemen, Galaxy this year is witnessing a major change in our management. Our promoter & founder Mr. G. Ramakrishnan has expressed his desire to step down from his executive responsibilities after 37 years of tremendous and distinguished service to your organisation. Mr. Shashi Shanbhag, our promoter and founder retired last year, again after a distinguished contribution to our company. Their roles in founding, nurturing, growing and building Galaxy has been immense. Both have created and crafted the growth of Galaxy, its culture and success ethos. They have touched and shaped every facet of Galaxy, built its people, created businesses, grew customers and expanded geographies. I wish to express both on my and your behalf our eternal gratitude to them and wish them the best of health. Mr. G. Ramakrishnan shall continue to be on the board of Galaxy, Galaxy Egypt and Tri-K in the capacity of Non-Executive Director.

Mr. Uday Kamat our Executive Director-Finance who started as an auditor to our company more than 30 years ago and assumed charge as CFO and Executive Director in the year 2000, has stepped down from his role in March this year. His contribution in building a solid foundation of our Finance, Corporate Governance and IT functions has been big. Both on my and your behalf I wish to convey our thanks and gratitude to him.



Mr. Venkatesh Kasturirangan, Director on our board during the last 12 years has expressed his desire to resign from his position with effect from 30th September this year. Our first association with Mr. Kasturirangan was as a customer when he headed the Personal Products Division of Hindustan Lever and during the last 12 years his role has been significant in influencing the growth strategy of the organisation. As an advisor to Tri-K he shaped its strategy and growth. I wish to express our gratitude to him for his contributions and wish him the best of health.

Mr. Babu Iyer, our Head - Legal, who held the fort of Corporate Governance and has been our legal mind and brain retired from his services this year. I wish to record our appreciation and thanks for his contributions.

Ladies and Gentlemen, with pride and pleasure I am delighted to inform you that at the board meeting held early today, our Board of Directors have decided to induct 3 key members of Galaxy into our Board with effect from the month of October of this year. All three of them have built their careers and have grown with Galaxy.

Dr. Nirmal Koshti, who has led research and innovation in Galaxy for the last 32 years shall assume the role of Executive Director (R&D). Dr. Nirmal has been at the forefront of creating and developing the products in Galaxy's portfolio during the last 32 years.

Mr. K. Natarajan who joined the company 22 years back in the finance function and progressively held responsibilities in Systems, Business Creation, Sourcing, Supply Chain and most recently as Chief Operating Officer and played a significant contributory role in these wide and diverse areas shall be Executive Director and Chief Operating Officer of your company.

Mr. Vaijanath Kulkarni our Managing Director of Galaxy Egypt ,who has played a pivotal role in the Technical, Manufacturing and New Project Operations of Galaxy and built the Egyptian venture, shall in addition to continuing as MD of GCE shall contribute as Director on your Board.

If I have to describe the last year for Galaxy I would term it as a year of innovation and people building in preparation for our vision 2020. A number of new ideas and products have been created and developed in all our business platforms. At the same time a number of process improvements in many products have improved our productivity, capacity and competitiveness.

Let me outline the key accomplishments and preparations on the innovation front as a fuel to our Vision 2020.

Our key business and technology platforms include performance products, mild surfactants, sunscreens, macromolecules, preservatives, green chemistry sustainability, proteins and synergistic combos of Personal Care ingredients for skin and hair care (that include sunscreens, surfactants, preservatives etc.)

Synthesis with homogeneous and heterogeneous catalysis, analytical chemistry, formulation technology, chemical engineering and scale up technologies are key strengths that



form the bedrock of our technical and technological proficiency.

Our approach to grow these business platforms is:

- Expand product portfolio with superior technology to lead the market.
- Be sensitive to consumer needs, trends and imperatives such as mildness, non toxic preservation, sustainable operations, convenience etc.
- Offer products that give differentiated benefits on quality and ease of processing
- Offer international quality and competitiveness.

We have a number of collaborative programs with customers and working together on all the above platforms.

Mild Surfactants

Over the last 3 years, we have steadily grown two major classes of mild surfactants, namely acyl isethionates and acyl glycinates. We commissioned this month a major expansion for these products at our Jhagadia site. This technology scale-up and project implementation was wholly conceived and executed by our inhouse team of young engineers and technologists. A unique feature of this greenfield project is converting by-products generated into raw material for other products thereby promoting sustainability. We also scaled up technology for making highly pure amino acid surfactants in a unique One Pot Process at our Egypt facility. We have also commercialised mild surfactant blends for hair care and baby care and are introducing these to a number of customers.

Year 2015-16 also saw progress on solid form of amino acid surfactants and these are ready for market.

We have also developed oil soluble surfactants for shower oil , a relatively new concept and trend for mild cleansing and initiated work with a major customer.

Sunscreens

Galaxy continues to be one of the top 3 liquid sunscreen manufacturers in the world. Significant process improvements have improved productivity, quality and converted by-products into value added products. New molecules are being developed for introducing in the market during the next 2-3 years.

Our patented product GalHueShield which is a colour protector cum conditioner has stimulated interest among a number of customers for its unique benefits.

Macromolecules

Successful commercial manufacture of Galaxomer, a macromolecule made from vegetable oils was commercialised this year. Work on other synthetic macromolecules for Personal Care is in progress.

Preservatives

Deeper understanding and insights on challenges of preservation of Personal Care products have resulted in the development of Galguard Trident, a specialised blend that is free of toxic antimicrobials. We are pioneers in suggesting these fatty acyl glycines to the Personal Care industry. We are also exploring silver nanoparticles for preservation efforts.

Specialty Blends

GalShield UV Care , an optimised sunscreen blend was successfully launched in 2015-16, enabling ease of processing for our customers. We have also developed customised syndet blends one of which has already been commercialised in India and another undergoing advanced trials at our global customer's laboratory.

We patented a new blend called Galsoft GLI21 that has found acceptance with a global prestigious customer.

Galaxy Egypt overcame a significant technological challenge of developing Amine Oxides for a global customer that promises parts per billion levels of undesirable impurities.

These innovations have created and will create new opportunities for our business in the coming years.

BUILDING PEOPLE

The last year was also a year of building capabilities of people and unleashing their creative energies for improvement and efficiency. We launched a major programme instituting Quality Circles and waste elimination suggestion award programme across our factories and offices and were thrilled with the enthusiastic and spirited response from members across these locations. Scores of conservation, waste elimination, cost engineering and optimisation ideas and themes were generated and worked upon bringing in huge savings. Funding the growth programme has brought in savings of crores of rupees during the last three years.

We started an Executive MBA programme for our young talents in collaboration with WE school in Mumbai with a view to build leaders for tomorrow. I am glad to state that all 12 of our young executives completed the programme this year. We also sponsor our young managers for advanced management programmes at reputed management institutes such as IIM Ahmedabad, Harvard and ISB both to enrich their horizon and prepare them for leadership and professional growth. The Jhagadia project on mild surfactant was entirely conceived and executed by our young team of engineers and technologists. The achievements and accomplishments by the Galaxy team members on various fronts has been a big source of inspiration and joy for me and gives this organisation a distinct edge in our industry.

Your Company's Board of Directors had recommended and paid interim dividend of Rs 5 per share and also recommended a special dividend of Rs. 1 per share, maximizing the returns to our shareholders from the company's profits.

At the end I would like to acknowledge and thank the board members for their participation and wise counsel.

Ladies and Gentlemen, the wide ranging innovations and development work happening in our organisation coupled with our capable people promises exciting times for our future in the coming years.

Thanking You.



U. Shekhar
(Managing Director)

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

Galaxy Surfactants Ltd.

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