

'Sustainability' is always at core of our efforts in both research and technology development. Last year we commissioned a separate application development lab equipped with state-of-the art instrumentation for offering solutions to Home Care Industry. We have initiated collaborative projects with our customers in the area of dish and fabric wash.

**Let me highlight some of our key highlights within this space:**

1. We developed three grades of Acyl Glutamate for baby care and body wash applications. These are the mildest anionic surfactants. All the above three grades of Acyl Glutamate Surfactant are manufactured exploiting our patented 'Green Technology'.
2. We launched a unique, mild, sustainable synergistic surfactant Galsoft GLI 21 which is based on our patented technology. This product was adjudged as the best innovative personal care ingredient in home, personal care and cosmetics exhibition HPCL in Jan 2018, by a jury appointed by the leading international journal, SOFW. Galsoft GLI 21 offers superlative consumer desired attributes of foam, lather, sensory and mildness.
3. Galaxy developed world's first 'non-sulphate', oil-soluble surfactant, Galsoft TiLS for shower-oil category and will be commercialized in 2018-19.
4. During last year patent applications for two inventions have been filed, namely, 'highly substantive water-soluble UV absorbers' and 'preservatives for personal care and home care products'. These are in continuation of our quest for (a) high performing UV absorbers and (b) non-toxic, eco-friendly preservatives for home and personal care products.

**Last year saw 8 patents granted for 7 inventions.**

**Egypt**

It was another exceptional year of achievement for Galaxy Egypt. Despite strong headwinds of feedstock volatility, dampened local growth due to the Egyptian pound devaluation, Galaxy Egypt performed well. Volumes grew by 15%. Cost optimisations, efficient sourcing, strategic tie ups with key multinational customers, customer acquisitions and enhancing reach ensured our performance.

Innovative debottlenecking, expansion of Sulphonation capacity are in the offing.

With Africa being identified as the next frontier of growth, the first mover advantage shall enable us to address this next leg of growth and contribute to our vision of being the no.1 player in the AMET region.

**TRI-K**

TRI-K US has seen a healthy growth of 16.5% in dollar revenue terms during the year.

TRI-K Industries, part of the Galaxy Group since 2009, has been a leading manufacturer of actives & specialty ingredients since 1974.

TRI-K brings groundbreaking concepts and products to life for the beauty and personal care industry. Over the last 8 years we have built the cosmetic proteins portfolio at TRI-K by over 4 times.

Recently, TRI-K has developed an innovative natural peptide product line called NaturePep®, the first of which was launched in Bangkok, Thailand in November 2016. Since then, the line has grown to 4 products, with NaturePep® Quinoa and NaturePep® Amaranth launching at in-cosmetics Amsterdam this past April.

To complement these products, and in response to the growing consumer demands for natural products, TRI-K has also developed natural alternatives to silicone and petrolatum. All of these new products have been making headlines and catching market attention for their unique benefits, novel technologies and highly demanded benefits.

Looking forward, TRI-K will turn to China as a focus market. A sales office was opened in Shanghai in May of 2017 and has already shown 161% growth over last year.

TRI-K is also expanding their product concentration to include more than just actives. They have created a focus strategy and effort that is set to double TRI-K's preservatives business in 3 years.

**Awards and Recognition**

We are pleased to share that your company has won several awards in the year under review. These awards include awards given by customers, external bodies, government agencies and various other certifications. In total we won 17 awards in 2017-18 and were awarded with 4 certifications.

Recently, we were awarded the "Trishul" award by Chemexcil for our outstanding export performance in the year 2016-17.

Apart from this, our innovations have got featured in various magazines with our latest Non-toxic Preservative Galguard NT getting featured in the personal care magazines in Europe this year.

**Our people and Future**

Building people and the organization has always been a prime agenda at Galaxy. Galaxy has ongoing programmes to enhance our people on skills, cross-functional capabilities and multiple dimensions enabling their personal and professional growth, enhance inter-process coordination and provide best-in class value to our customers.

To conclude, it is our abilities i.e. meet global quality standards, develop products ahead of the curve to meet evolving consumer trends, deliver path breaking customized solutions and products to our customers, ability to nurture and build long term relationships with our customers and vendors and high quality people that shall act as differentiating factors and enable Galaxy to grow and enhance stakeholder value sustainably.

Thank you ladies & gentlemen.

**U. Shekhar**

Managing Director

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



**Galaxy Surfactants Limited**

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# “Winning Together”

## Managing Director's Speech



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



**Galaxy Surfactants Limited**

at the 32<sup>nd</sup> Annual General Meeting of  
Shareholders at Navi Mumbai on  
9<sup>th</sup> August, 2018

## Dear Shareholders,

It gives me immense pleasure to welcome you all to the 32<sup>nd</sup> Annual General Meeting of your company - the first as a publicly listed company.

The hallmark of the year was the launching and successful conclusion of our IPO that received an overwhelming response from all classes of investors, including marquee anchor investors, reputed qualified institutional buyers, high net worth investors and retail investors. You will be pleased to note that Galaxy on listing was among the top 400 companies by market capitalization in India.

It is a matter of satisfaction and fulfilment that the consummation of the IPO has created significant wealth for our shareholders, most of whom had placed their faith on us and invested in our company during our formative years; between 1984-1995, bet on our growth, stayed invested in the company through these years and eventually have seen their holdings grow with Galaxy's growth. They have been justly rewarded for their faith, commitment and patience.

It is also a matter of satisfaction that scores of Galaxites benefited from this IPO. All of them became shareholders when the company offered them shares during private placement offer in 1995 and preferential allotment in 2010.

The huge reception of Galaxy's IPO by various class of investors reflects their faith in our business that highlights our demonstrated track record as a global supplier to major FMCG brands, Robust product portfolio of across various personal and homecare categories addressing diverse customer needs, a stellar innovation record backed by 49 patents creating products, solutions and value for our customers, high quality and high technology manufacturing facilities strategically located in India, Egypt and USA, an experienced management team and a track record of robust financial performance.

As you know, Galaxy serves over 1750 plus customers across 75 + countries, has extensive R&D capabilities both in India and USA and has a leadership in market share in India and the Africa Middle East region.

2017-18 has been a year of making your company stronger - strengthening our position in our home base; Indian market where we grew by 14 % in volumes; in the AMET region by 11.2%. We fortified relationships with our existing customers, increased wallet share by cross selling and enhancing the product basket with customers and new customers across markets and geographies. We took our innovations to customers enabling them to launch new products and solutions to their consumers.

While 2016-17 saw a turnaround of Galaxy Egypt and the Performance Products Division of Galaxy North America, 2017-18 saw a sustained growth, wherein all our divisions (Galaxy India, Egypt and TRI-K) grew despite a competitive and challenging environment.

I wish to thank each and every stakeholder, within and outside the organization for their support, spirit, enthusiasm and contribution. It is this partnership over the years which has enabled your company to scale newer heights and generate value, thereby enhancing stakeholder value sustainably.

Let me enumerate some of the key performance highlights:

### Overview.

Global economic growth that improved to 3.8% in 2017 is expected to tick up to 3.9% this year and next, supported by a strong momentum and favorable market sentiments. The Indian economy is expected to clock between 7-7.5 % GDP growth in 2018-19.

India and the geographies that we focus are leaving behind a period of tepid growth and marching towards buoyancy and growth. Our customers are growing across categories. The Indian market is particularly growing on all personal and homecare categories including haircare, fabric care, hand wash etc. With the Indian economy on the upswing and increasing consumerism, the HPC industry is projected to grow close to 10% during 2017-2020 fueling opportunities for our business.

Creating sustainable and winning businesses lies at the heart of Galaxy. Our vision is to delight customers; be a partner of choice and a global leader of Surfactants and Specialty chemicals to the Home and Personal Care industry with the commitment to a cleaner and safer environment and delivering consistently above average returns to investors.

We seek to achieve this through our four fundamental pillars which gives us the power to build and stand strong in the competitive markets.

The four C's: Character, Competence, Competitiveness and Comfort are the foundations for creating sustainable value adding propositions for all our stakeholders. These pillars together with our exclusive focus on the HPC industry have enabled Galaxy to grow from:

- ◆ 1.47 Lakh MT Volumes in 2013-14 to 1.97 Lakh MT in 2017-18 - at a CAGR of 8% - higher than the industry growth rates thus gaining share across markets.
- ◆ PAT (Profit after Tax) of 75 Crs in 2013-14 to 158 Crs in 2017-18 at a CAGR of 21% in the last four years.
- ◆ All this along with a systematic reduction of leverage - wherein our Debt to equity has fallen from 1.37 in 2013-14 to below 0.5 in 2017-18

### Sustainability

Sustainability is a way of life in Galaxy- in our thinking and actions.

We have achieved significant progress on our Sustainability Goals 2020. Life Cycle Assessment studies have been completed for selected major products to estimate environmental impacts over the product life cycle. We are working extensively on improving our product safety and stewardship. We have planted over 40000 trees and surpassed our initial goal. We have completed around 235 KWP of solar installations at our corporate offices and manufacturing sites of Taloja and Jhagadia in line with the promise we had made at our last AGM when the same was at 50 KWP.

We are a Responsible Care company and have been recertified. This signifies major improvements undertaken in areas of safety, health, environment and sustainability. Galaxy continues to climb higher on scores in respect of climate change, water management and supplier engagement.

Galaxy is passionately committed to create a fitter and healthier workforce. Galaxy launched its first ever weekly health newsletter called as the "Wellness Quotient" to spread awareness amongst the employees so that they can be sensitized regarding various health-related topics and also be motivated towards better physical, mental and emotional well-being.

We at Galaxy, feel that the foundation of our existence is our environment and the society we live in. CSR and Sustainability initiatives play a vital role in bringing a positive transformation among people and the community around our factories. With an aim to increase and improve its stakeholders' engagement, Galaxy celebrated Udgam: CSR & Sustainability Week across all its manufacturing sites and corporate office in India in February 2018. Several activities were organized to create awareness, involve and inspire employees, school students, community members and NGO partners towards making cleaner and greener society.

Our members engage themselves in various projects such as creating check dams, educating people, improving the living standards in terms of health and hygiene and providing livelihood opportunities to the community.

### Business and Industry

Premiumisation, Natural, Herbal, Digitization, Sustainable and Responsible growth are the key buzz words dominating the Home, Beauty and Personal Care markets today.

Rising affordability, improving economic activity and growing aspirations for beauty & healthier lifestyle across the globe, especially, in the emerging markets, offers huge scope for the Home and Personal Care Industry today.

While, categories such as Skin Care and Colour Cosmetics are gaining traction in the mature markets, strong demographics and awareness in the emerging markets has resulted in the emergence of newer categories such as Men's grooming, Hand and Face wash and premium household care.

Your company is well positioned to tap these growing opportunities. With a basket of over 200 products, its innovation pipeline and proactive initiatives, actions and accomplishments on sustainability, Galaxy today is a preferred supplier to Multinational, Regional and Local players. In 2017-18, 55% of our revenues came from Multinational, 8% from Regional and 37% from Local players.

With a complementary two pronged growth strategy focusing on Performance Surfactants as well as Specialty Care Products, Galaxy has positioned itself to not only capitalize on the growing Performance Surfactants demand in the consumption driven markets of India and AMET, but also address the niche specialty care segments of the mature markets which offer huge scope for the customized and differentiated specialty care products which your company offers.

Decade old relationships, strategic positioning of our sites and the motto of "One Galaxy" i.e. adopting the "customer first" approach, have enabled us to log in a 11.2% volumes growth [Y-O-Y] - much higher than the global surfactants growth rate of 4.4% , driven by a 13% volumes growth in the Performance Surfactants category. This has been possible on the back of sustainable share gain, strong customer acquisition programmes & initiation of new projects with strategic customers.

The Specialty Care segment grew 7.6% [Y-O-Y Volumes], growth primarily driven by our preservatives, proteins and mild surfactants categories.

### SBU Business Performance

#### India

Despite the hiccups in the rollout of GST that impacted the FMCG industry operations in the country for 2 months in the first half of the year, GSL stand-alone logged in a growth of 10% in volumes driven by a 14% volume growth in domestic business.

Debottlenecking has been a key strength for us. As informed in the last AGM, we embarked on a debottlenecking programme at Taloja that got completed and commissioned in April 2018. Capacity enhancements at the right time to capitalize on the developing opportunities is a key catalyst for growth and your company shall undertake debottlenecking as well capacity expansions in the ensuing future to not miss out on these opportunities.

Robust Financial and Risk management models enabled us to navigate a highly volatile raw material market and create value for the business.

Parivartan initiatives such as building in cost efficiencies through waste reduction, quality circles, sourcing efficiencies, revenue enhancement programmes form an integral part of our process improvement programme and the same were implemented across all locations.

Our "Consumer to Chemistry" approach, R&D focus and product innovation form an important constituent of our sustainable growth motto.

### Research and Development /Technology Absorption

Our Innovation Process is focused on providing value-added, high-performing solutions to Home and Personal Care Industry by designing innovative ingredients and helping our customers in deploying them with the application/formulation support. We have on-going collaborative programs with R & D's of most of the major personal care products manufacturers, both locally and globally. The product categories that the Innovation Process pursues to innovate are UV absorbers, macromolecules, preservatives and surfactants for gentle cleansing.