14 August 2026

1QFY27 Results Update | Sector: Chemicals

Galaxy Surfactants

Estimate changes	↑
TP change	↑
Rating change	↔

Bloomberg	GALSURF IN
Equity Shares (m)	35
M.Cap.(INRb)/(USDb)	88.9 / 0.9
52-Week Range (INR)	2508 / 1510
1, 6, 12 Rel. Per (%)	27/42/12
12M Avg Val (INR M)	32

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	52.5	62.8	68.5
EBITDA	4.8	6.6	7.2
PAT	2.8	4.0	4.5
EPS (INR)	78	112	126
EPS Gr. (%)	-9.1	42.8	13.3
BV/Sh. (INR)	774	857	951
Ratios			
Net D:E	-0.0	-0.1	-0.2
RoE (%)	10.8	13.7	14.0
RoCE (%)	11.0	13.9	14.1
Payout (%)	25.6	25.6	25.6
Valuations			
P/E (x)	32.1	22.5	19.8
P/BV (x)	3.2	2.9	2.6
EV/EBITDA (x)	18.5	13.0	11.6
Div. Yield (%)	0.8	1.1	1.3
FCF Yield (%)	2.2	3.1	4.5

Shareholding pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	70.9	70.9	70.9
DII	13.5	13.1	12.7
FII	3.8	4.0	4.3
Others	11.8	12.0	12.1

FII includes depository receipts

CMP: INR2,508 TP: INR3,160 (+26%) Buy

Robust earnings growth due to broad-based volume recovery

Strong beat on our estimates

- Galaxy Surfactants (GALSURF) delivered a strong 1QFY27 performance, with EBITDA growing 2x YoY, while EBITDA/kg jumped 77% YoY to ~INR35, driven by strong performance in the US Specialty business, continued momentum in premium specialties, and a sharp recovery in India volumes.
- The India volume grew in low double digits YoY, driven by strong demand from Tier-1 customers and the return of reformulation-related volumes that had been impacted in earlier quarters. The Africa, Middle East & Turkey (AMET) region witnessed a low-single-digit YoY decline due to geopolitical disruptions in West Asia. The Rest of the World (RoW) delivered mid-single-digit growth, fueled by the Asia-Pacific region and improving momentum in the Americas following the revision of the US tariffs.
- Going forward, volume growth is expected to strengthen, supported by the continued recovery in India, led by a rebound in Tier-1 customers. ROW and AMET volumes are also expected to improve, aided by the reversal of US tariff-related disruptions and the normalization of operations in Egypt, respectively.
- Backed by a robust 1Q and the increase in EBITDA/mt guidance from INR19k-21k per MT to INR24k-INR25k per MT, we raise our earnings estimates by 22%/15% in FY27/FY28. **Reiterate BUY with a TP of INR3,160 (based on 25x FY28E EPS).**

Broad-based revenue growth coupled with strong operating leverage

- Consol. revenue grew 39% YoY to INR17.8b (est. INR15b), primarily led by mid-single-digit volume growth on a YoY basis
- Revenue from India/Rest of World (ROW)/AMET grew 36%/48%/33% YoY to ~INR7.6b/INR6.4b/INR3.7b. Revenue from local and niche/MNC/regional players grew 29%/54%/8% YoY to INR7b/INR9.6b/INR1.2b.
- The revenue contribution of Performance Surfactants now stands at 66% compared with 65% in 1QFY26.
- EBITDA margin stood at 14% vs. 9.7% in 1QFY26, led by a 300bp expansion in gross margin to 29.3%. Employee costs as a % of sales stood at 5.6% (vs. 6.5% in 1QFY26), while other expenses stood at 9.7% (vs. 10% in 1QFY26).
- EBITDA stood at INR2.5b (est. INR1.5b), up 2x YoY and Adj. PAT stood at INR1.7b (est. INR897m), up 2.1x YoY.

Key highlights from the management commentary

- **Guidance:** Management anticipates exiting the year on a stronger footing, maintaining its 6-8% volume growth guidance while raising full-year EBITDA/MT guidance to INR24,000-25,000 from INR19,000-21,000, supported by a favorable mix, operating leverage, and resilient demand. The robust new product pipeline, with several launches planned in 2Q, should sustain growth momentum, with capex maintained at ~INR1.5b.

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- **India** returned to double-digit volume growth after nearly two years, with volumes rising 11% YoY and 18% QoQ, driven by a broad-based recovery across Tier-1 and non-Tier-1 customers, normalization of reformulation-related disruptions, and resilient rural demand; management expects momentum to remain strong, supported by the festive season, elevated alcohol prices, GST 2.0, and continued recovery in Tier-1 markets.
- **International** volumes showed a strong sequential recovery, with AMET volumes declining 4% YoY but growing 18% QoQ as West Asia-related disruptions eased, while ROW delivered mid-single-digit growth, led by APAC and improving North American demand following the US tariff rationalization. The Mexico project remains on track for commercialization over the next 12 months, supporting the region's return to a stronger growth trajectory.

Valuation and view

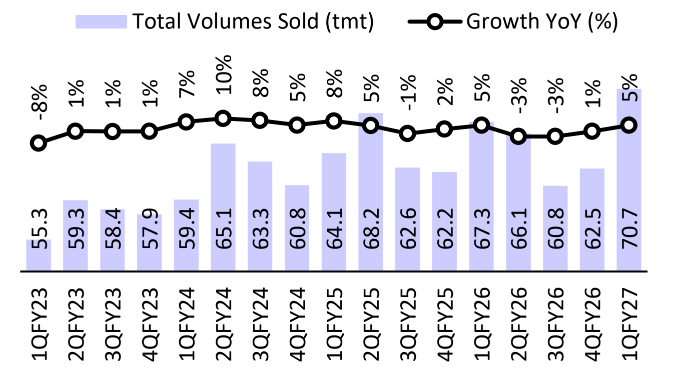
- While the macro environment remained challenging in 1Q, marked by significant feedstock volatility, the company's disciplined execution, supply chain agility, and diversified portfolio enabled it to navigate external headwinds effectively and emerge stronger.
- Going ahead, we expect GALSURF's growth to be driven by 1) the company's consistent focus on R&D and innovation, 2) growing domestic demand led by the recovery in Tier 1 customers, 3) likely growth recovery in AMET, 4) expanding global operations, and 5) strong pipeline of new products.
- We expect a CAGR of 14%/23%/27% in revenue/EBITDA/adj. PAT, along with a volume CAGR of 8% over FY26-28. Backed by a robust 1Q and the incarese in EBITDA/mt guidance from INR19k-21k per MT to INR24k-INR25k per MT, we raise our earnings estimates by 22%/15% in FY27/FY28. **Reiterate BUY with a TP of INR3,160 (based on 25x FY28E EPS).**

Consolidated - Quarterly Snapshot (INR m)

Y/E March	FY26				FY27				FY26	FY27E	FY27	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Gross Sales	**12,779**	**13,262**	**13,295**	**13,147**	**17,819**	**15,468**	**14,789**	**14,767**	**52,483**	**62,843**	**15,036**	**19%**
YoY Change (%)	31.2	24.8	27.6	14.8	39.4	16.6	11.2	12.3	24.3	19.7	17.7	
Total Expenditure	11,541	12,157	12,101	11,931	15,327	13,994	13,458	13,415	47,730	56,194	13,578	
Gross Margin (%)	26.2%	24.5%	24.9%	25.8%	29.3%	25.8%	25.7%	26.2%	25.4%	26.9%	25.6%	
EBITDA	**1,239**	**1,105**	**1,194**	**1,216**	**2,492**	**1,475**	**1,331**	**1,351**	**4,753**	**6,649**	**1,458**	**71%**
Margin (%)	9.7	8.3	9.0	9.3	14.0	9.5	9.0	9.2	9.1	10.6	9.7	
Depreciation	293	298	307	332	360	380	400	450	1,230	1,590	340	
Interest	66	73	85	85	93	90	85	80	309	348	85	
Other Income	112	58	48	3	33	60	75	80	221	248	95	
PBT before EO expense	**992**	**792**	**849**	**802**	**2,072**	**1,065**	**921**	**901**	**3,435**	**4,959**	**1,128**	
Extra-Ord expense	0	0	119	0	0	0	0	0	119	0	0	
PBT	**992**	**792**	**730**	**802**	**2,072**	**1,065**	**921**	**901**	**3,316**	**4,959**	**1,128**	
Tax	197	127	141	178	413	218	189	185	643	1,005	231	
Rate (%)	19.9	16.0	19.3	22.1	19.9	20.5	20.5	20.5	19.4	20.3	20.5	
Reported PAT	**795**	**665**	**590**	**624**	**1,659**	**847**	**732**	**716**	**2,674**	**3,954**	**897**	
Adj PAT	**795**	**665**	**686**	**624**	**1,659**	**847**	**732**	**716**	**2,770**	**3,954**	**897**	**85%**
YoY Change (%)	-0.3	-21.5	6.1	-17.7	108.7	27.3	6.8	14.8	-9.2	42.8	12.9	
Margin (%)	6.2	5.0	5.2	4.7	9.3	5.5	5.0	4.9	5.3	6.3	6.0	

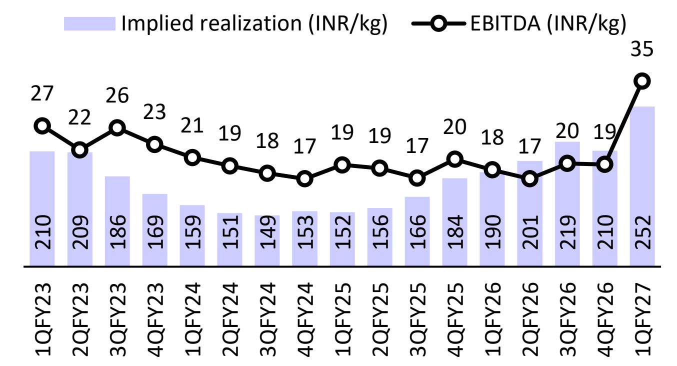
Story in charts: 1QFY27

Exhibit 1: Total volume trend



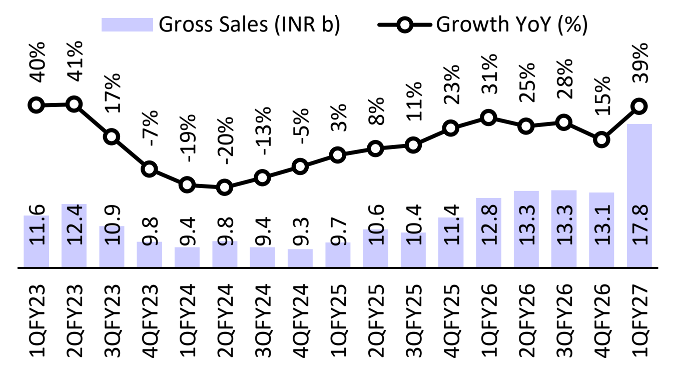
Source: Company, MOFSL

Exhibit 2: EBITDA/kg at INR35



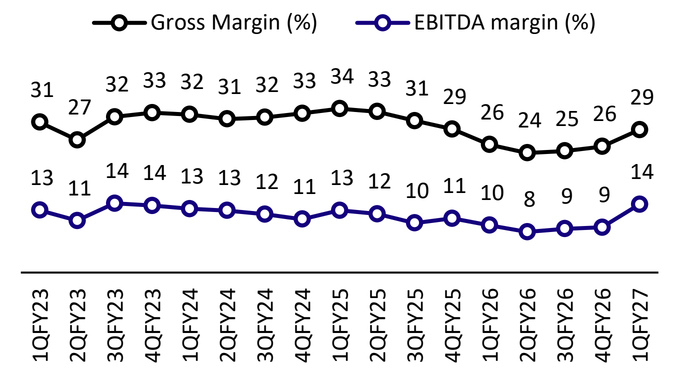
Source: Company, MOFSL

Exhibit 3: Gross sales up 39% YoY



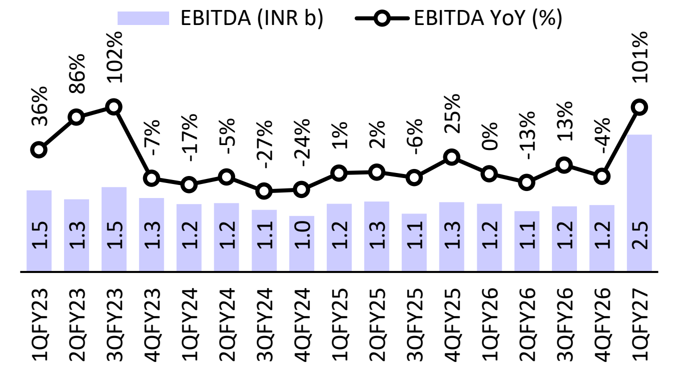
Source: Company, MOFSL

Exhibit 4: EBITDAM expanded to 14%



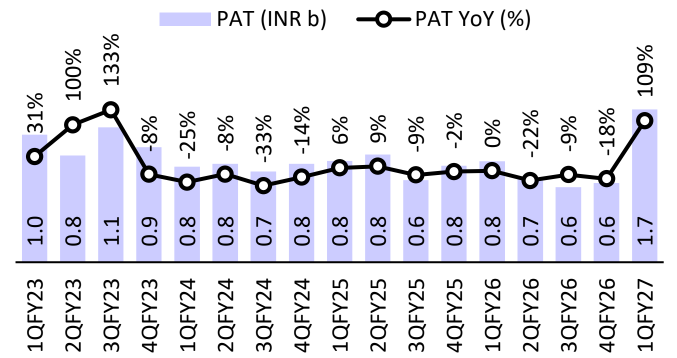
Source: Company, MOFSL

Exhibit 5: EBITDA jumped 101% YoY



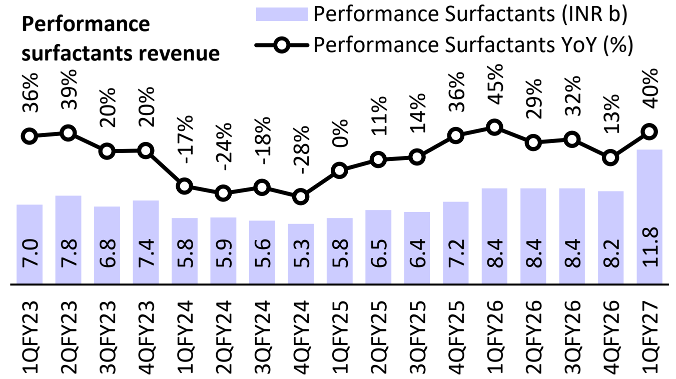
Source: Company, MOFSL

Exhibit 6: PAT trend



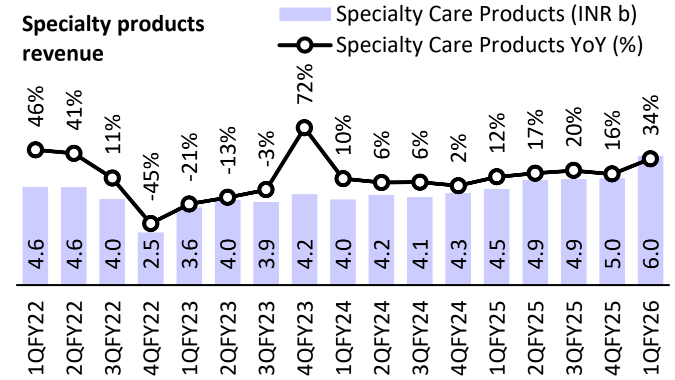
Source: Company, MOFSL

Exhibit 7: Performance surfactants' revenue at INR11.8b



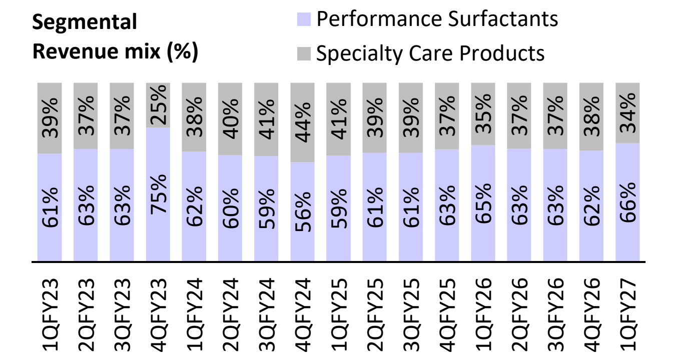
Source: Company, MOFSL

Exhibit 8: Specialty care products' revenue at INR6b



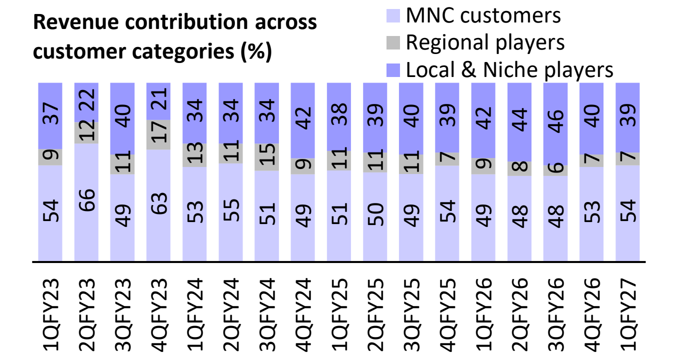
Source: Company, MOFSL

Exhibit 9: The mix of the specialty segment reduced YoY



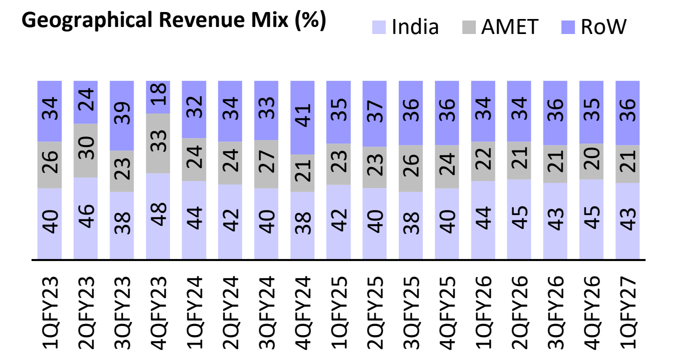
Source: Company, MOFSL

Exhibit 10: Revenue contribution across customer categories



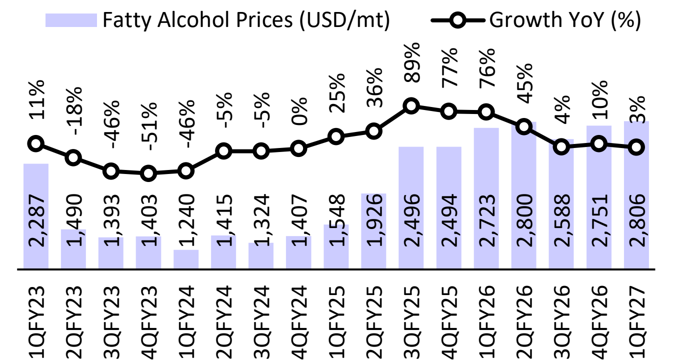
Source: Company, MOFSL

Exhibit 11: Geographical revenue mix



Source: Company, MOFSL

Exhibit 12: Fatty Alcohol price grew 3% YoY



Source: Company, MOFSL

CONFERENCE CALL

Key highlights from the management commentary

Operating performance

- Consolidated volume grew 5% YoY, with a balanced contribution from both Performance Surfactants and Specialty Care.
- EBITDA/MT improved to INR35,458, driven by a favorable product mix, particularly within Specialty Care, disciplined pricing, operating leverage and continued focus on operational excellence.
- Improvement in EBITDA/MT was supported by a better Specialty Care mix, as easing US tariffs and emerging market opportunities aided demand and enabled higher-margin products to gain share.
- Earnings recovery remained strong despite a volatile raw-material environment, supported by improved mix, operating leverage, disciplined pricing and robust risk management.

Guidance and outlook

- Management expects to exit the year on a stronger footing, while maintaining its 6-8% volume growth guidance.
- EBITDA/MT guidance has been raised significantly to INR24,000-25,000/MT for the full year, from the earlier guidance of INR19,000-21,000/MT, reflecting improved mix, operating leverage, and stronger-than-expected profitability.
- EBITDA/MT is likely to moderate from the current elevated levels and normalize going forward as the benefit from favorable mix and other near-term tailwinds tapers off.
- Capex is expected to remain normalized at ~INR1.5b for the year, with no major change to the company's planned investment outlay.
- The new product pipeline remains robust, with several products expected to be launched in 2Q, providing additional growth opportunities.
- Industry demand remains resilient, and management expects the healthy demand momentum to sustain going forward, supported by a strong product pipeline.

Domestic market

- India returned to double-digit volume growth after nearly two years, with volumes increasing 11% YoY and 18% QoQ, significantly outperforming overall market growth.
- Growth was broad-based, with both Tier-1 and non-Tier-1 customers contributing, while non-Tier-1 volumes also grew at a double-digit pace.
- Tier-1 demand recovered strongly following the normalization of reformulation-related disruptions that had impacted the business last year, particularly in major cities.
- Demand momentum is expected to remain healthy, supported by the upcoming festive season, continued recovery in Tier-1 markets and a positive customer commentary.
- Elevated alcohol prices could sustain reformulation-related volume gains, providing an additional tailwind to the India business.
- The company expects demand momentum to remain strong following GST 2.0, while rural demand continues to outpace urban growth, indicating a broad-based recovery in consumption.

International market

- AMET volumes declined 4% YoY but grew 18% QoQ, with the YoY weakness largely attributable to geopolitical disruptions in West Asia. The strong sequential recovery indicates improving market conditions, with June showing a meaningful improvement.
- AMET is expected to return to its growth trajectory, as market conditions have started to normalize since the last week of May, with management expecting a stronger 2Q.
- ROW delivered mid-single-digit volume growth, led by APAC and supported by improving momentum in the Americas following the rationalization of US tariffs.
- North America emerged as a key growth driver for ROW, following the reduction in US tariffs to 10% in February, which improved the demand environment.
- TRI-K Industries, the company’s US-based premium Specialty Care business, continued to perform strongly, supporting growth in the ROW segment.
- The Mexico project remains on track for commercialization over the next 12 months, providing an additional growth opportunity for the international business.

Raw material

- Fatty alcohol prices remained elevated, averaging USD2,806/MT in the quarter, up from USD2,751/MT in 4QFY26 and USD2,723/MT in 1QFY26.
- Raw material costs remained volatile, with elevated fatty alcohol prices and higher petrochemical feedstock costs, following the rise in crude oil prices.
- Crude oil prices remained elevated throughout the quarter, keeping overall feedstock costs under pressure and creating a challenging raw material environment.

Exhibit 13: Changes to our estimates

Particulars	Actual/Revised		Previous		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue (INR m)	62,843	68,550	58,247	62,907	8%	9%
EBITDA (INR m)	6,649	7,219	5,447	6,147	22%	17%
PAT (INR m)	3,954	4,482	3,228	3,886	22%	15%
EPS (INR)	111.5	126.4	91.1	109.6	22%	15%

Source: MOFSL

Story in charts

Exhibit 14: Specialty products' share to rise going forward…

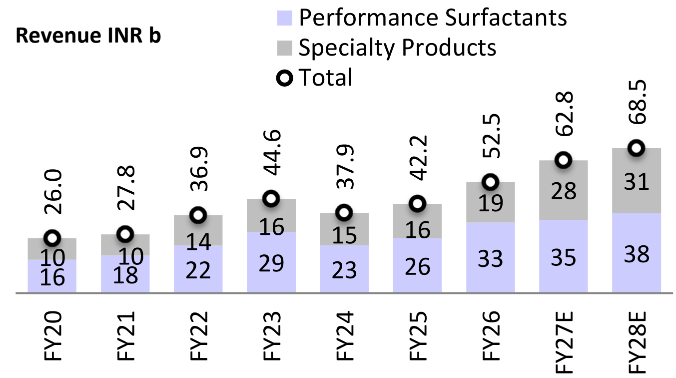


Exhibit 15: Performance segment's share at 55% by FY27E

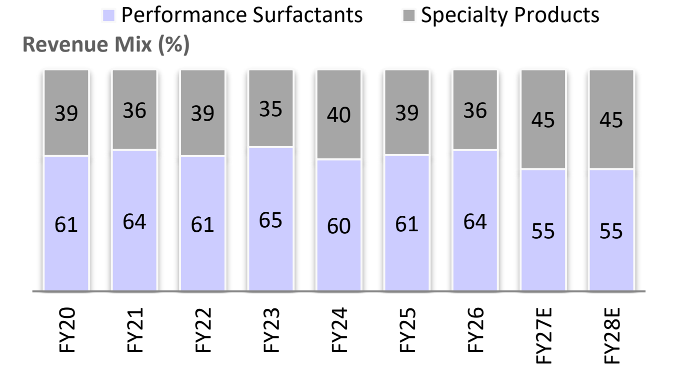


Exhibit 16: Volume CAGR of ~8% expected over FY26-28…

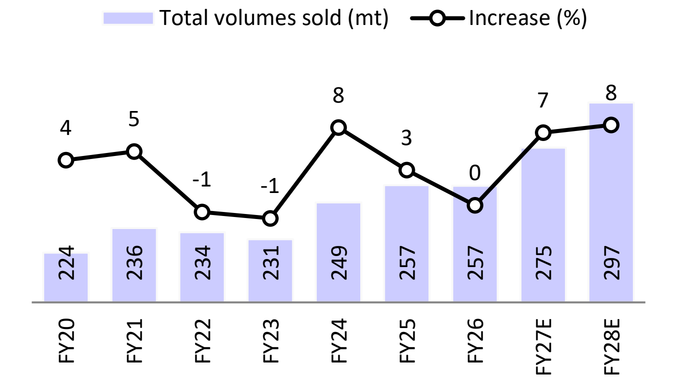


Exhibit 17: …with higher EBITDA/kg

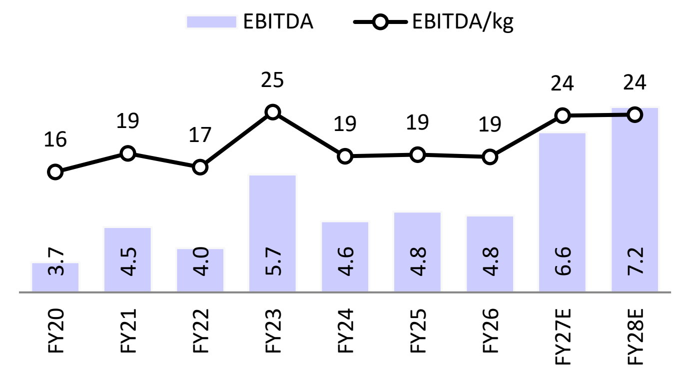


Exhibit 18: Expect PAT margin to improve

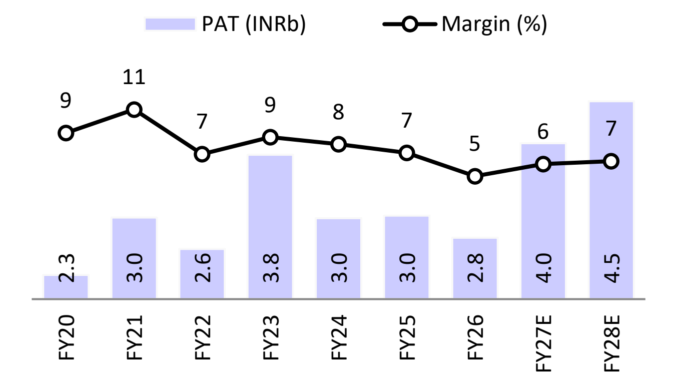


Exhibit 19: FCF trend

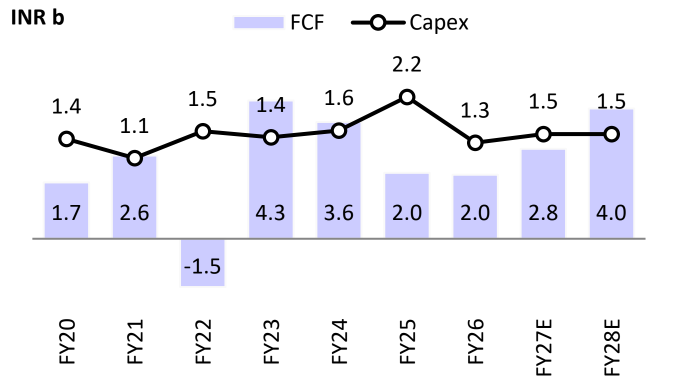
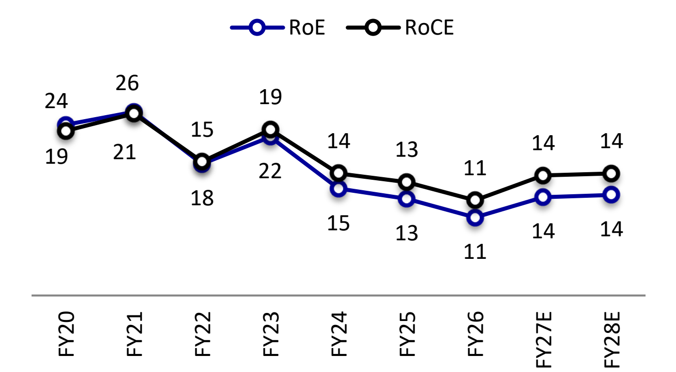
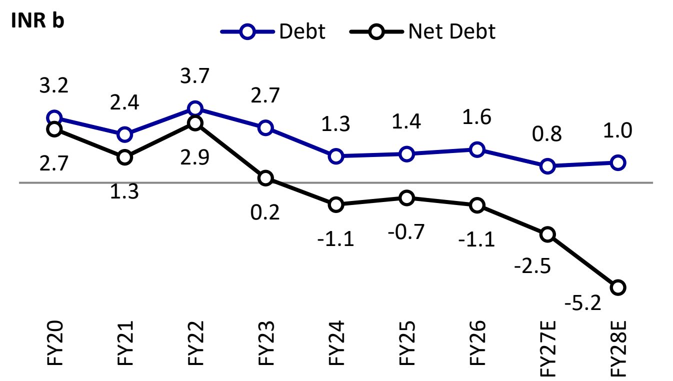


Exhibit 20: Return ratios to remain stable going forward



Source: Company, MOFSL

Exhibit 21: Debt profile of GALSURF



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement								(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Total Income from Operations	**27,841**	**36,857**	**44,640**	**37,944**	**42,237**	**52,483**	**62,843**	**68,550**
Change (%)	*7.2*	*32.4*	*21.1*	*-15.0*	*11.3*	*24.3*	*19.7*	*9.1*
Gross Margin (%)	*36.3*	*29.8*	*30.6*	*32.1*	*31.7*	*25.4*	*26.9*	*25.3*
EBITDA	**4,488**	**4,007**	**5,683**	**4,622**	**4,842**	**4,753**	**6,649**	**7,219**
Margin (%)	*16.1*	*10.9*	*12.7*	*12.2*	*11.5*	*9.1*	*10.6*	*10.5*
Depreciation	740	711	835	998	1,103	1,230	1,590	1,686
EBIT	**3,749**	**3,297**	**4,848**	**3,624**	**3,739**	**3,523**	**5,059**	**5,533**
Int. and Finance Charges	134	129	217	224	193	309	348	267
Other Income	109	125	99	355	258	221	248	372
PBT bef. EO Exp.	**3,723**	**3,293**	**4,730**	**3,755**	**3,805**	**3,435**	**4,959**	**5,637**
EO Items	0	0	0	0	0	119	0	0
PBT after EO Exp.	**3,723**	**3,293**	**4,730**	**3,755**	**3,805**	**3,316**	**4,959**	**5,637**
Total Tax	702	665	920	740	757	643	1,005	1,156
Tax Rate (%)	*18.8*	*20.2*	*19.4*	*19.7*	*19.9*	*19.4*	*20.3*	*20.5*
Reported PAT	**3,021**	**2,628**	**3,810**	**3,015**	**3,047**	**2,674**	**3,954**	**4,482**
Adjusted PAT	**3,021**	**2,628**	**3,810**	**3,015**	**3,047**	**2,770**	**3,954**	**4,482**
Change (%)	*31.1*	*-13.0*	*45.0*	*-20.9*	*1.1*	*-9.1*	*42.8*	*13.3*
Margin (%)	*10.9*	*7.1*	*8.5*	*7.9*	*7.2*	*5.3*	*6.3*	*6.5*

Consolidated - Balance Sheet								(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Equity Share Capital	355	355	355	355	355	355	355	355
Total Reserves	12,660	15,389	18,471	21,438	23,271	27,094	30,036	33,370
Net Worth	**13,014**	**15,744**	**18,826**	**21,793**	**23,625**	**27,448**	**30,390**	**33,725**
Total Loans	2,374	3,660	2,718	1,317	1,418	1,645	822	987
Deferred Tax Liabilities	233	249	283	297	318	314	314	314
Capital Employed	**15,621**	**19,652**	**21,827**	**23,406**	**25,362**	**29,407**	**31,527**	**35,026**
Gross Block	11,945	12,828	16,721	18,214	19,891	22,551	24,051	25,551
Less: Accum. Deprn.	5,971	6,681	7,516	8,514	9,618	10,848	12,437	14,124
Net Fixed Assets	**5,974**	**6,146**	**9,205**	**9,699**	**10,273**	**11,703**	**11,613**	**11,427**
Goodwill on Consolidation	27	28	30	30	31	34	34	34
Capital WIP	1,240	2,055	1,392	1,585	2,619	1,814	1,814	1,814
Total Investments	**435**	**5**	**0**	**1,980**	**2,985**	**4,736**	**4,736**	**4,736**
Curr. Assets, Loans&Adv.	**12,821**	**17,772**	**16,717**	**15,852**	**18,712**	**20,454**	**24,376**	**29,069**
Inventory	4,278	7,118	6,458	5,561	7,239	7,937	9,345	10,199
Account Receivables	4,689	6,380	6,148	5,931	6,865	7,504	8,985	9,801
Cash and Bank Balance	1,114	711	2,476	2,393	2,158	2,749	3,352	6,139
Cash	815	638	2,319	2,205	1,934	1,091	1,695	4,482
Bank balance	299	74	157	188	224	1,658	1,658	1,658
Loans and Advances	2,740	3,563	1,635	1,968	2,450	2,265	2,694	2,930
Curr. Liability & Prov.	**4,874**	**6,353**	**5,518**	**5,742**	**9,258**	**9,335**	**11,047**	**12,054**
Account Payables	3,770	5,189	4,302	4,461	6,200	6,509	7,663	8,363
Other Current Liabilities	918	1,011	1,094	1,145	2,879	2,586	3,097	3,378
Provisions	186	153	122	136	180	240	287	313
Net Current Assets	**7,947**	**11,419**	**11,200**	**10,110**	**9,454**	**11,120**	**13,329**	**17,014**
Appl. of Funds	**15,621**	**19,652**	**21,827**	**23,406**	**25,362**	**29,407**	**31,527**	**35,026**

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
EPS	**85.2**	**74.1**	**107.5**	**85.0**	**86.0**	**78.1**	**111.5**	**126.4**
EPS Growth (%)	**31.1**	**-13.0**	**45.0**	**-20.9**	**1.1**	**-9.1**	**42.8**	**13.3**
Cash EPS	106.1	94.2	131.0	113.2	117.1	112.8	156.4	174.0
BV/Share	367.1	444.1	531.0	614.7	666.4	774.3	857.3	951.3
DPS	18.0	18.0	22.0	22.0	22.0	19.3	28.5	32.4
Payout (%)	21.1	24.3	20.5	25.9	25.6	25.6	25.6	25.6
Valuation (x)								
P/E	29.4	33.8	23.3	29.5	29.2	32.1	22.5	19.8
Cash P/E	23.6	26.6	19.1	22.2	21.4	22.2	16.0	14.4
P/BV	6.8	5.6	4.7	4.1	3.8	3.2	2.9	2.6
EV/Sales	3.2	2.5	2.0	2.3	2.1	1.7	1.4	1.2
EV/EBITDA	20.1	22.9	15.7	19.0	18.2	18.5	13.0	11.6
Dividend Yield (%)	0.7	0.7	0.9	0.9	0.9	0.8	1.1	1.3
FCF per share	72.7	-42.3	121.0	102.2	57.7	55.9	78.6	113.9
Return Ratios (%)								
RoE	25.5	18.3	22.0	14.8	13.4	10.8	13.7	14.0
RoCE	21.1	15.5	19.2	14.1	13.1	11.0	13.9	14.1
RoIC	23.7	17.7	22.4	16.4	17.1	15.1	19.3	20.0
Working Capital Ratios								
Fixed Asset Turnover (x)	4.5	6.1	5.8	4.0	4.2	4.8	5.4	6.0
Asset Turnover (x)	1.8	1.9	2.0	1.6	1.7	1.8	2.0	2.0
Inventory (Days)	56	70	53	53	63	55	54	54
Debtor (Days)	61	63	50	57	59	52	52	52
Creditor (Days)	49	51	35	43	54	45	45	45
Leverage Ratio (x)								
Current Ratio	2.6	2.8	3.0	2.8	2.0	2.2	2.2	2.4
Interest Cover Ratio	27.9	25.7	22.3	16.2	19.4	11.4	14.5	20.7
Net Debt/Equity	0.1	0.2	0.0	0.0	0.0	0.0	-0.1	-0.2

Consolidated - Cash Flow Statement **(INR m)**

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	3,723	3,293	4,730	3,015	3,049	2,674	4,959	5,637
Depreciation	740	711	835	998	1,103	1,230	1,590	1,686
Others	79	90	214	842	692	790	348	267
Direct Taxes Paid	-706	-594	-953	-781	-681	-690	-1,005	-1,156
(Inc)/Dec in WC	-186	-3,450	903	1,110	42	-677	-1,606	-899
CF from Operations	**3,651**	**49**	**5,729**	**5,185**	**4,205**	**3,327**	**4,286**	**5,536**
Capex	-1,073	-1,547	-1,439	-1,563	-2,158	-1,344	-1,500	-1,500
Free Cash Flow	**2,578**	**-1,498**	**4,291**	**3,622**	**2,047**	**1,983**	**2,786**	**4,036**
CF from Investments	**-1,647**	**-841**	**-1,486**	**-3,439**	**-2,946**	**-3,776**	**-1,500**	**-1,500**
Inc/(Dec) in Debt	-951	941	-1,039	-1,404	92	177	-822	164
Interest Paid	-152	-131	-241	-235	-201	-316	-348	-267
Dividend Paid	-495	-142	-1,275	-143	-1,351	-211	-1,012	-1,147
CF from Fin. Activity	**-1,650**	**592**	**-2,643**	**-1,889**	**-1,573**	**-510**	**-2,182**	**-1,249**
Inc/Dec of Cash	**354**	**-201**	**1,601**	**-143**	**-314**	**-959**	**604**	**2,787**
Opening Balance	477	815	638	2,319	2,205	1,934	1,091	1,695
Closing Balance	**815**	**637**	**2,318**	**2,204**	**1,934**	**1,091**	**1,695**	**4,482**

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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