PRIVATE CLIENT GROUP | kotak Securities

Dated: 14th Nov 2025

GALAXY SURFACTANTS (GALAXY) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 2,222	**Rs. 2,534**

Rationale:

- Q2 revenues slightly below estimates as multiple headwinds played out across markets.
- Volumes were broadly flat YoY and QoQ.
- Elevated fatty alcohol prices drove reformulation away from oleochemical surfactants.
- EBITDA came in at Rs 111 crore, with margins moderating to 8.3%.
- EBITDA and PAT missed expectations on weaker mix and slower specialty traction in the US.
- We trim our FY27E EPS to Rs 101 (from Rs 111) to factor in near-term cost pressures, tariff uncertainties, and delayed domestic recovery.
- Maintain ADD; revised FV of Rs 2,534 (from Rs 2,544), valuing the stock at ~23x FY28E P/E.

Positives:

- Galaxy Surfactants’ Q2FY26 revenue stood at Rs 1,326 crore, up 24.8% YoY and 3.8% QoQ.
- RoW support overall performance through strong demand in Latin America and APAC.
- Near-term growth expected to led by RoW; AMET should stabilize as markets rebalance.
- Constructive on long-term outlook, supported by premiumization, clean beauty trends, global penetration, and Galaxy’s Vision 2030 roadmap.

Negatives:

- AMET volumes were impacted by Tier-1 share loss in Egypt due to intensified competition.
- North America soft amid tariff-driven caution, impacting premium specialty offtake.
- Fatty alcohol prices averaged $2,800/MT, significantly higher YoY, driven by weak palm yields and regional congestion.
- India remains soft through Q3, with recovery expected only from Q4FY26.

(EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization; PAT – Profit After Tax; EPS – Earnings Per Share; P/E – Price-to-Earnings ratio; APAC – Asia-Pacific; RoW – Rest of the World; AMET – Africa, Middle East and Turkey; MT – Metric Ton)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
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NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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