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Subject: Transcript of concall Q1 of FY 2025-26

Ref.: Regulation 46(2)(oa) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Dear Sir/Madam,

Pursuant to the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we are enclosing transcript of Earnings Conference Call for Q1 of FY 2025-26.

This is for your information and records.

Yours faithfully,
For **Galaxy Surfactants Limited**

Niranjan Ketkar
Company Secretary

Encl: as above

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**“Galaxy Surfactants Limited
Q1 FY26 Earnings Conference Call”**
August 14, 2025

This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th August 2025 will prevail.”



MANAGEMENT:

Mr. K. Natarajan – Managing Director
Mr. Vaijanath Kulkarni – ED & COO
Mr. Abhijit Damle – CFO
SGA – Investor Relations Advisors

Moderator: Ladies and gentlemen, good day and welcome to the Galaxy Surfactants Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. K. Natarajan, Managing Director of Galaxy Surfactants Limited. Thank you, and over to you, sir.

K. Natarajan: Thank you. Very good afternoon, ladies and gentlemen. Thank you for joining our first earnings call of the financial year 2025-'26. I'm pleased to share our results and business performance for the first quarter of this financial year. Today's narrative carries the same cadence we left you with in the call that we had for Q4 '24-'25, resilience placed with optimism.

Let me begin with the headline. Our consolidated volumes rose 5% year-on-year and 9% quarter-on-quarter, an outcome that was evenly distributed between our Performance and Specialty care segments. Our EBITDA grew at the same levels as volumes by close to 4.5% year-on-year at INR135 crores versus INR129 crores in Q1 FY '24-'25.

EBITDA per metric ton, though has been maintained at the same levels as last year at INR20,000 per metric ton versus INR20,200 per metric ton levels despite the various challenges that we had during the quarter. India, our domestic engine, posted a volume growth flattish at 3% year-on-year, but however, grew 15% quarter-on-quarter, far from being spectacular, but very promising.

We have been seeing an increasing trend towards reengineering formulations within the Performance segment due to the persistently high feedstock prices, and we are preparing ourselves for the same. On the positive side, the monsoon has been kind. RBI has cut repo rates, and the government's rural stimulus is flowing, all of which keep the domestic sentiment cautiously optimistic for the second half of this financial year.

Across the AMET region, volumes remained flat year-on-year but recorded a modest 5% sequential increase. Egypt and Turkey market continues to remain subdued. Shortfall in the Egypt and Turkey business was effectively offset by resilient performance in other countries in the AMET region.

Our supply chain teams have demonstrated remarkable agility, seamlessly adapting to the evolving landscape even amid the geopolitical uncertainties. The rest of the world segment continues to be our brightest patch, logging close to 16% year-on-year growth. LATAM and APAC drove the charge, while the Americas kept pace close to double digits. The only cloud on this horizon is evolving tariff rhetoric.

Premium Specialty customers in North America have adopted a cautious and a wait-and-watch stance. While our current order book remains healthy, we are evaluating the potential impact of these tariffs and working on mitigation plans. Europe stayed flattish in tonnage terms yet delivered a richer product mix. The Premium Specialty segment is gaining the very traction our

Vision 2030 road map has envisaged.

Supply-side has been a reality check for us, even though freight rates had eased compared to the previous quarter, but longer lead times have been threatened with congestion in Europe, China and Southeast Asia, thereby also affecting our export and import shipments, exacerbating delays and increasing lead times.

Raw material availability remained tight in Q1 after the sudden and prolonged disruption at one of our key suppliers in Southeast Asia, which has now started to ease, but the feedstock prices remain buoyant and could stay elevated through the next quarter as well. We anticipate feedstock prices to correct and are hence managing our raw material price risk in a very calibrated manner.

On the innovation front, I'm glad to share that Galaxy Hearth, Biosurf got awarded the Best Innovation in Home Care segment Platinum Award at CIE Event Chennai. It is a patented fabric care technology that integrates the power of enzymes and surfactants for effective stain removal and cleaning and detergents. It is biodegradable, safe to handle, and provides quick enzyme release for better cleaning performance.

As we move forward, we remain focused on navigating near-term challenges while executing on strategy 2030 with continued and enhanced focus on innovation, operational agility, and sustainability. We recognize that the current environment presents a mix of opportunities and headwinds from geopolitical uncertainties and supply chain disruptions to evolving customer expectations and regulatory landscapes.

In response, we are doubling down our efforts in each and every aspect, not just in product development, but in how we serve our customers, optimize our processes and future-proof our portfolio. We remain confident in our ability to navigate the present and shape a future that is resilient, responsible and rewarding for all stakeholders. Thank you, ladies and gentlemen for your continued trust. I now open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Harshil Parekh from Acuitas Capital.

Harshil Parekh: Sir, my first question is with respect to your comments in the presentation about some strategic product alignment in response to multinational shifts in domestic market. Sir, just wanted to understand the adjustments in ships and all?

K. Natarajan: Yes. So as I said during my opening remarks, that given the continued and very high prices of feedstock, there are some customers trying to realign formulations, but we see it as temporary, and we are preparing ourselves to be able to serve that requirement as well and have the flexibility into our product portfolio.

Harshil Parekh: Sir, second question is on the Tri-K business in the U.S. How is the traction there since you have added capacities recently? So what has been the volume growth and overall traction there?

- K. Natarajan:** So Tri-K business last quarter was a little bit challenging because of the customers were holding back their ordering because of the tariff uncertainty. So there customers are cautious in North America. That's something that all of us know. So I think, hopefully, things will settle down from H2 once. It is clear in terms of what the tariffs are going to be because customers are looking at various options that are at their disposal because the tariff suddenly is going to be inflationary for the economy and customers are being guarded in terms of placing orders.
- Harshil Parekh:** Okay. Sir, my final question was on the EPC services, which we are doing in the Mexico. Just wanted to understand how would the revenues flow in and what is the margin profile there, etcetera?
- K. Natarajan:** So right now, we just started work on the project 2 months back. So team is focused on ensuring that we execute the project well and in a very safe way. So that's as of now. As we move forward and the project picks up pace, I think we'll be able to give more clarity on the other questions that you just posed.
- Moderator:** The next question is from the line of Arun Prasath from Avendus Spark.
- Arun Prasath:** I just joined, sorry if you have already present the opening remarks, can you just repeat. A couple of questions. One, what is happening on the gross margin front on a per kg basis? We are seeing a sequential reduction? We know that the fatty oil prices are increasing, fatty alcohol prices are increasing, but that's been happening for the last 6 months.
- At some point of time, one would be assuming you will be completely passing on to the customers. So we thought it would sustain at this level, but on a quarter-on-quarter basis, there is a reduction on a per kg basis around INR5. So how should we read this?
- Second, in the last 6 months, our revenue growth has been consistently 20%, 25% on a Y-o-Y basis. But again, this is not translating on bottom-line growth. Is it more because somewhere you are seeing the competitive pressures on an overall basis, and that's why we are not able to see pass it on completely? Once you answer this I'll come back with my second question?
- K. Natarajan:** Yes. So see, first of all, in an increasing price scenario, it's not about ability to pass on. But then you also have a time period after which you can pass on, and it has been continuously increasing. So obviously, it is not a good ability to pass on, but it is just a timing difference. So that continues.
- That's why I said in my opening remarks that the biggest challenge for us is because we do expect prices are so elevated that a correction should happen. We have been expecting that for the last 1 year. but when it happens, it can be quite dramatic. And that's why important to manage your raw material price risk, which is what we are extremely focused on, and we have a robust risk management system in place.
- Coming to your other question in terms of sequentially, why is it that the EBITDA per metric ton has reduced? There's nothing that is structurally not okay. It's only that the product mix change in this quarter compared to the see, tariff scenario, okay, has created some uncertainties across geographies, more so in the U.S. So the ordering was suspended.

Every one of them was waiting to see what will be -- because it started with 10 plus 26, then they said they suspended, and they expected that there would be clarity in 45 days. So all of them are waiting and watching and reassessing as to what should be the supply chains. And that's what led to our Premium Specialty not doing so well in North America.

Arun Prasath:

Understood, sir. Just a follow-up to that question, you said when the overall raw material prices correct and when that scenario happens, we will be able to retain the prices or once again, we will pass on because then it will happen that in the increasing cycle, we are not able to pass on. But on the decreasing raw material price scenario, we are immediately passing on or we will be able to hold the prices steady and show margins? How should we look at that, say, in the future scenario where the raw material prices decreases?

K. Natarajan:

Arun, first thing is I'd like to correct. It's not that we are unable to pass on in increasing price scenario. We are passing on, okay? Because if you see the price has gone up by 100%. So if you have not passed on, we would be in an absolute dramatically bad situation. I only told you that when the prices are increasing week after week, month after month, you will have a timing difference. You can't keep changing prices every day, correct?

Arun Prasath:

Correct.

K. Natarajan:

So that is what I said. Similarly, when the prices go down, the customers would expect that you would pass on immediately, but they also know that there's going to be a timing difference there as well. But what is important is that if you do not manage your positions well in terms of raw material, and you have a bloated inventory and order pipeline of incoming material, that can severely impinge on your profitability. Because customers are not going to pay for a bloated inventory that you retain in a reducing price scenario. That's what I clarified.

So we need to be prepared to be able to ride the wave either when it's going up or when it is coming down. So we need to manage the risk in a very, very calibrated manner to ensure that we don't get saddled with high price inventory when the prices start going down. That's what I mentioned.

Arun Prasath:

Understood, sir. Sir, for the last three, four quarters, our rest of the world our portfolio has been helping us deliver reasonable volume growth. Is there a scenario where now the tariffs uncertainty is also there, this rest of the world will also run out of the seam and probably will, at some point of time, will remain flat or will be difficult to scale up the portfolio. Is that the risk that we should account for in our estimates?

K. Natarajan:

Rest of the world has APAC, it has Europe, it's quite possible that there can be some opportunities that also can emerge. That's why we're assessing the risk with regards to our North America business because we need to find ways to be able to mitigate, okay, if the current tariff levels that have been announced, say, it is effective 27th of August, okay?

So we have clients because we have ways to be able to manage that and take care of that. But if that leads to -- because the inflation in North America leads to reformulations because all people consumers downtrading, then there is a bigger risk for us because of the tariff scenario.

- Arun Prasath:** Understood. One bookkeeping question, sir. U.S. as our overall portfolio, what is the exposure in terms of revenue?
- K. Natarajan:** Yes. U.S. as a portfolio, it is not an exposure, I would say, because it's all about in the current tariff scenario, it's about what I sell within U.S., okay? What I have to export from India is what can be an issue. And that we also have plans to mitigate a good portion of that. But U.S. contributes to about 8% to 10% of our portfolio.
- Arun Prasath:** And of that manufactured portion is how much and exported from, say, either India or our Egypt facilities, would be how much that break up of that?
- K. Natarajan:** Exported from India will be more of specialties in terms of volume, can be lower But there is a good amount of specialties we make in the Egypt plant as well, So that's what we are working on in terms of things is how do we reject a lot of our portfolio into what we supply to North America.
- Moderator:** The next question is from the line of Sanjesh Jain from ICICI Securities.
- Sanjesh Jain:** I got a few questions. First on India. Unilever reported a 4% volume growth, and we have seen other FMCs actually doing better than that, while we have done only flattish Y-o-Y. How should we see? We are losing market share to somebody or alternatives or they are going into group-based to some extent? What's really happening there?
- K. Natarajan:** So no, what we are saying is that we grew 3% as against 4%, So it's not that we are flat. In India, we grew by 3%.
- Sanjesh Jain:** Sir, your presentation say flattish Y-o-Y?
- K. Natarajan:** We said flattish Y-o-Y, but 3%. Obviously, we said 3% looks to be flat, but it's not that we are flattish. We have grown 3% on volume terms in India. So it's not that we call it flattish because there was nothing very dramatic. That's the only reason. Whereas sequentially, if you see we grew by 15% in India.
- So that is -- I just said that some customers are looking at how do they manage the current pricing scenario because the demand also is really not picking up. So they need to manage the cost front. So some of them are doing it, and we do see that we also need to be prepared, and that's how we are getting prepared, and we should be ready, okay, sometime in the next three to four months in terms of having this flexibility as well because we need to be ready. There's no way that we cannot be ready.
- Sanjesh Jain:** So for the full year, we should be doing better than this in the India market?
- K. Natarajan:** Yes. For full year, provided the India market really grows. The question here is, if you see the commentary of all my customers, they're all cautiously optimistic, they're saying H2 should be giving them the required indication. The current festive season is going to be determinant because the last festive season was obviously a washout. So this current festive season will give

us a good idea about whether demand really has come back and will sustain.

Sanjesh Jain: Second, on the Egypt side, you mentioned that AMET, Egypt, was a little drag on the overall performance to remain at flattish. What's really happening in Egypt?

K. Natarajan: So first is Egypt as a country, okay? It's not my Egypt operation. So I'm clarifying Egypt as a market for us, It's because Egypt, see, because of what has happened over the last 3 years in terms of the significant currency depreciation in terms of -- for a good portion of till last April, okay, you didn't have much even availability of foreign currency.

So the landscape in Egypt has got terribly changed to a discernment because we see that an integrated player who is into the final product as well as in raw materials has started gaining significant market share, which is keeping it out of a good portion of the local market in Egypt, So that's the only reason...

Sanjesh Jain: Do you want to revisit not selling to the local player? Is that on the card, or we are completely averse and why we are not selling to the local player? What's the problem there?

K. Natarajan: So we are selling to all the local players, but this local player is an integrated manufacturer. He makes his own integrated...

Sanjesh Jain: Okay he's backward integrated.

K. Natarajan: Yes, he's backward integrated. So that's why we are not -- we do sell to that customer as well, but not everything that he requires, because the major portion of what is required for the formulation, he makes it himself. So that's what it is, and that we would wait for things to change because, see, things have become conducive for the other players to be able to come back with some good strength to be able to regain.

Sanjesh Jain: Got it. And from the U.S. market perspective, assuming that we have a 50% tariff, does it make sense for us to move some of these North America sales from Egypt and not from India and thereby remain competitive? Are we exploring that counter-tariff measure for ourselves? Because that option we have, we have a good facilitated Egypt?

K. Natarajan: Yes, correct. So you're talking as if you are there in the boardroom itself. So you're right. So we are looking at it, but it's only that Sanjesh, we don't make -- a good portion of our products that we make in India there as well, but not all. So that's what we are assessing. So the logical thing is whatever we can do from Egypt, we will be route from Egypt. That's very clear.

Sanjesh Jain: Got it. From a new hiring perspective and new entity what we have done in U.S. what are our initial thought process of this tariff thing has taken the shine and effort what we were doing in the U.S. and Europe market?

K. Natarajan: No, no but U.S. is a big market. So we don't see this tariff as something that's going to be structurally remaining. We need to find ways to be competing. And with what we are doing in Mexico as well, Americas continues to remain a very key market. We have got a team that is

very fully set. And Americas as a market presents huge opportunities to us. The tariff uncertainty is something that we'll have to try to. We have to find a way. But that's not in any way changing our outlook as to how we want to be growing in the Americas.

Sanjesh Jain:

Got it. Sir, one question on the customer data, what we have provided in the presentation. If I see our Tier 3 has grown, what, like 45% plus Y-o-Y in terms of revenue. I know we don't have volumes, I'm comparing revenue. It also includes price inflation. Then Tier 1 has grown 25% and the regional player has grown in a high single digit. Now where are we missing in this middle part? And Tier 3, I understand it's because ROW, where we cater to a lot of smaller customers as well and the market itself is fragmented. But what's happening with the regional players?

K. Natarajan:

So regional players, across India and the globe. So what we are essentially seeing is that the regional players are essentially the people who are also looking at how do they rethink their product portfolio. They are also now the people who are sandwiched between the global multinationals and the very agile Tier 3 customers, which includes even the D2C brands.

So they are trying to get their act together. They're also trying to come up with new SKUs, new formulations. So like in India itself, we are able to see very clearly there are certain type of customers who are doing pretty well. Certain of them are now having challenges, they're working on certain plans to be able to get the mojo back.

So this is something more in terms of the way that the Tier 2 regional players are reconfiguring their product portfolio to be able to be relevant, to be able to compete. And we have relevance compared to the global multinationals product portfolio also with regard to the D2C and the agile Tier 3 customers' product portfolio.

Sanjesh Jain:

Got it. One last question from my side before I join the queue back. We are anticipating prices to drop, right? I think your customer would have also been anticipating. Have you seen a scenario or a case where everybody is destocking in the anticipation of a drop in LA prices?

K. Natarajan:

See, if the demand scenario was very robust, we have also seen increasing price scenario, demand being robust, customers don't do destocking. Today, we have a situation where increasing prices and the demand are not so robust. So the only alternative they have is in terms of ensuring that your pipeline is having just enough material to be able to serve the consumers.

And typically, someone would take a call for 6 months; now they may take only for 3 months. So that's also one of the reason why you have to manage this particular aspect of business in a very tactical manner, okay? That means it also means that we need to manage our risk positions pretty well in terms of the way the customers are looking at how they want to buy, what their buying patterns are, okay?

And also in terms of what is the risk bearing ability of these. Some of them are able to take more risk, some of them are not able to take any risk. So the buying patterns are not same for a particular segment of us. Within the segment, okay, you will have some customers who have more risk appetite, some of them who do not have.

- Moderator:** The next question is from the line of Rohit Nagraj from B&K Securities.
- Rohit Nagraj:** Yes. So the first question is on the sequential growth in the India market, which is driven by volumes. So was there any element of the lower inventories in the channel and the monsoon coming right on time and more or less across the board? So just your thoughts on this?
- K. Natarajan:** Yes. So I think this is continuing on what I answered to Sanjesh's question. So one of the reasons is all of them have been keeping their pipeline pretty tight, okay? Because the demand obviously has not been robust. But all of them also want to be seen as to how they are able to kickstart demand at least for their portfolio.
- So we see typically, if anyone loses a good quarter like April, May, June because that is preparing for the festive season, You obviously have no coming back. So all of them look at how do they start working on really generating demand, and then we're ready to serve the demand in, say, April to September. So that's why I said, the festive season will be a very decisive -- the first half will decide as to how the demand has really come back.
- So many customers, obviously, they would be filling up the pipeline in anticipation of the market development plans that they have so that they're ready with inventory when the consumer wants to pick that up from the shop shelf. So yes, it is also in terms of -- it's not that the demand has gone up by 15%. We also know the best growth that has been volume growth that has been reported by any of our customers in India is Hindustan Unilever, which reported a 4% volume growth.
- Rohit Nagraj:** Right. Sir, second question, I know it's too early to understand what would be the impact of tariffs on the U.S. volumes. But given that 15 days have passed, how has been the dialogue with the U.S. customers? And maybe pre these incremental tariffs, how the inquiries volumes were? And in the last 15 days, have those completely dried up and everyone has taken back seat? Your thoughts will be helpful?
- K. Natarajan:** Yes. Not that. So we are looking at how are we able to rejig our supply chain for what all we can do between India and Egypt, okay? Plus also meeting customers and reassuring them our commitment to stay on course with them. And jointly working on how can be the mitigation plan because it is not that -- we may have 50% tariff, someone else has 30%, someone else has 20%.
- Some of the products typically may not be available from the low tariff countries, okay? So that is something that is being -- so important thing that we have been doing in the last 15 days is engaging with customers and reassuring them. Now we need to find a way out either way in terms of keeping our -- the first objective is very clear is that you keep the business on as to how we're able to do it between India and Egypt, that's why we call it tariff uncertainty.
- It's not -- if it was certain, then your plans could have been very different. So you have to have the ability to be able to understand and be flexible enough to be able to keep rejigging. And that is why being very close to customers and coming up with a joint way to address this is the key. And that's what our team has been doing over the last two to three weeks.

And obviously, the whole thing started when it first came out with the 26%. It's only that it got suspended and people thought it will be business as usual. But now that we already have prepared our customers, we are looking at how do we can reiterate our commitment and start working out ways to jointly address.

Rohit Nagraj: Sure. Sir, just one clarification on this. So you said that probably some of the products, there will not be any other alternatives. So in this case, the tariffs which are relatively higher, a part of that, would be absorbed by us and part of that will be taken care by the customer? How are we looking at this aspect?

K. Natarajan: Yes. So as I told you very clearly, the first objective would be to retain the business because with the customers because we don't expect this tariff to be something that will structurally continue forever because we have spent -- many customers we have worked with them for 5 years and 7 years.

So we don't want to let them go out of their portfolio. So wherever we are able to manage with taking margin calls, we'll do that. Where it doesn't make any sense to take margin calls, we'll have to work with customers to see as to how we can temporarily support them with certain alternatives. But then keep them engaged and keep them part of the conversations that they're going to have in terms of alternate plans.

Moderator: The next question is from the line of Aditya Khetan from SMIFS.

Aditya Khetan: I joined the call a bit late, so sorry for repeating the similar question. Sir, first question is, as you had mentioned that in your presentation, that Performance Surfactants during the quarter have gone up. Is this one of the reasons why our spreads have impacted on gross and EBITDA?

K. Natarajan: Yes, you're right. You're right. Because I said that our Specialty portfolio, Premium Specialty portfolio business in North America was subdued mainly because of the uncertainty that the customers are having on the tariff front.

Aditya Khetan: Got it. Okay. And sir, so this jump in realization is largely a pass on only, which is because of the higher LA prices. And if I heard you correctly that you are expecting the prices to move down from here now?

K. Natarajan: Yes. You can call an expectation or you can call it as prayer, whatever you want to put it. But then we need to be prepared because as is often said, whatever goes up and so swiftly and so high has to come back down, okay? So how fast will happen, to what extent it will happen is something that we can only have a guess. But it's important that we prepared. So even if it falls significantly day after tomorrow, we should have a way to prepare ourselves to not have a significant impact in terms of mark-to-market.

Aditya Khetan: Okay. And sir, so this drop in LA prices, suppose if it comes down, any change in our volume and the margin guidance will happen?

K. Natarajan: Yes. So what will happen is that once the prices come down significantly, I think it will give a

huge flip to the demand to be revived in India. It can have a significant impact in the way the demand scenario can play out in India. Because today, if you see, all of them are saddled with high prices, so they are not able to come up with schemes and all that because there's huge pressure on gross margins. So all of them are having no way to be able to fix that demand by enticing customers to buy more. So the prices come down, it certainly enables that, and that can be good in terms of the demand coming back in India.

Aditya Khetan:

Got it. Sir, just one last question. Sir, if you can talk a bit more on this Vision 2030, which you mentioned, so 2x volume, 2.5x EBITDA. I believe, sir, like we were targeting around 7%, 8% volume growth. This 2x volume will actually take around 20% volume growth per annum. Is there any change in strategy which has happened? And if you can throw some light on it, how this will work?

K. Natarajan:

So there's no change in strategy. In fact, I covered quite a bit in the analyst -- probably you couldn't attend our analyst meet, okay, Analyst Day call. So I think I covered it pretty detailed way. So it is not doing more of the same. It's ensuring that we protect what we have and grow that organically and also ensure that we come up with newer ways to be accessing growth in key focus geographies. I think probably I may not be able to answer your question in a very thorough way in this conference call. I think probably we are able to have a separate discussion; I'd be able to answer it in a more.

Aditya Khetan:

Got it. Sir, just a follow-up. So we are targeting around 8% volume growth for FY '26?

K. Natarajan:

No, I'm not targeting. As I said, that is our range that we want to be at. I said in the last call also, the demand environment is not conducive for us. So I said that I'll be very happy even if I'm able to keep my last year growth of 4% continued in this year, okay? That's what I had said. And I would be very happy if I'm able to reach 6% with a lower guided range because that's unless India really comes back in a significant way in terms of demand, getting to 6% to 8% is going to be difficult.

Moderator:

The next question is from the line of Praveen Kumar from Acuitas Capital Advisors.

Praveen Kumar:

My first question was on the strategic product adjustments in the India portfolio, which you talked about. So just wanted a couple of clarifications around that. First is, have you seen this happening in previous cycles, such as product readjustments? And what is your competitive advantage equivalent to your existing products in the products which are readjust into? That would be my first question?

K. Natarajan:

Yes. First of all, it is not a strategic product. It's tactical because I don't see this as something that is structurally changing in terms of the customers are doing it more as a response to managing the current high commodity inflation, So that's one. Second is, yes, we're getting in because the flexibility is also going to enable us to continue to serve our customers.

And obviously, yes, we also can be able to do well with that product. It's not something we do not know. And we have done it earlier also. So it has happened earlier, and we also have the experience of doing this. And we have also seen as to -- these are all things that don't structurally

change.

Praveen Kumar: And how would the EBITDA per ton in these products compared to what you are doing currently in India?

K. Natarajan: So they're similar.

Praveen Kumar: Okay. Next question was on the U.S. business. You referred that from the Tri-K part of the business that because due to this tariff regime, there was demand uncertainty. So I just wanted to understand that because, again, even for Tri-K, the end users will be home and personal care companies. So is it that these companies, these end user companies are seeing down trading for the premium products.

And that's why they are cautious about this or -- because your Tri-K itself the manufacturing itself happens in the U.S. So except for raw material, which they procure from outside, there should not be a huge tariff impact for the business itself, right? So I just wanted to understand that?

K. Natarajan: Yes. So I'd say that if you had listened to Procter & Gamble's call, investor call, they said that they had an impact of \$1 billion per quarter because of the tariffs, and they are looking at increasing prices. So the question in every customer's mind is that they have increased prices. But if the increased prices lead to stagflation, where there is an increased price, but the demand continues to stagnate.

They don't want to be getting loaded with inventory that they are unable to liquidate. So the cautiousness is some people want to understand how it settles down, they probably want to have a better understanding as to because it's also quite possible that the demand can really get impacted significantly on the prices -- because the prices have to be increased.

There is no way. GM talks about the increasing price of cars, okay? Everyone is talking there. Amazon has already started putting it on their packages. So what is concerning for all our customers is how is the demand situation going to pan out. And that is why it is making them postpone placing orders, place reduced orders. So all this has an impact.

Praveen Kumar: So do you perceive this to be more of a transitional period where they come to terms with the tariff regime, how it is evolving, et cetera or I mean, are you preparing more for a structural downtrend in demand and hence, especially demand for more premium products where Tri-K products are going to?

K. Natarajan: Yes. So first of all, I don't see this because anything structural will take time to settle down because an initiative of this order and magnitude and which has never happened before, it is going to take some time to settle down, but then consumers have to adjust. But consumers adjusting to the high price scenario can only happen if their wages keep pace.

And everything falls in place well, then it's a good situation for all of us, which is what we are expecting should happen. But we don't know because these tariffs are not in a very linear way.

They don't impact a linear way. There are a lot of moving parts. So we need to wait. So as of now, we can only say that we don't see it as a structural issue. That's what I said, North America -- Americas, as the market continues to be a very strategic market for us. We will find ways to be able to mitigate the impact of this tariff uncertainty situation.

Praveen Kumar:

Okay. And the last question was on the AMET region. Again, on Egypt and Turkey, both, you have been facing headwinds for quite a while for the last few years. So I just wanted to understand in the medium- to long-term, how do you see this emerging because the geopolitical uncertainties there and the inflation, etcetera, could continue for a while.

So given your large exposure to that region, what are the internal plans to -- I mean, you did mention earlier that whether you consider exporting from the U.S. -- I mean, to the U.S. from Egypt, et cetera. But what other levers do you have to pull at least because -- at least on a Y-o-Y basis to stabilize output from there and revenues and to emerge out of it?

K. Natarajan:

You're asking me this question with Egypt as a market or Egypt as a business entity? What is your context?

Praveen Kumar:

So I'm looking at Egypt -- I mean, AMET region as a -- from a revenue perspective...

K. Natarajan:

Yes. So you're talking of Egypt as part of the AMET region. As I said, yes, but then we have been working on getting it replaced with other countries. That is how we have been able to -- despite Egypt and Turkey having significant headwinds, we have been able to find other markets within Africa, the Middle East, Turkey to be able to compensate. Now we need to see how we resume our growth trajectory.

That is what we're looking at, how do we -- like rest of the world, if you see, we are doing a very good job in terms of trying to get that momentum going. So this is -- because we know that some market is continuing to be a challenge, how do we access some other markets. And this essentially is a testimony to this sort of diverse product portfolio, we have diverse geography portfolio, as well as diverse customer portfolio.

So despite all these headwinds, you've been able to find markets in other regions, which is good. But we only hope that all this good work that we're doing also get supported by our home markets coming back into good shape, and that should happen. We are optimistic. The question is when.

Praveen Kumar:

So for the AMET region to come back to growth, you come back to a reasonable amount of growth, do you see that more as a -- I mean, given all that you are trying to do, do you see that more as a 3 to 5-year kind of a thing? Or do you see it on a more immediate basis?

K. Natarajan:

I don't have a crystal ball ahead of me, but if I look at the current geopolitical situation that is there, I don't even want to other any guess because the whole issue has been caused by the geopolitical situation. Because even post-COVID, if you see, when the countries were ravaged, okay, all the economies, once the lockdown got lifted, everything, things came back.

But the geopolitical situation has taken the wind out of the same. So only when the geopolitical

situation settles down can be hazard a guess. But till that time, we need to find ways to counter this particular impact in terms of looking at other geographies and the other countries within the AMET geography.

Moderator: The next question is from the line of Arun Prasath from Avendus Spark.

Arun Prasath: Natarajan ji, when you were saying that there is a time lag effect in the -- because of the increase in prices, is it okay to assume now that if the prices remain at the constant level at the current prices, we should see the reversal of the same time lag in the Q2 and Q3 or it will take more than that?

K. Natarajan: There was no the time lag means? I didn't get you, Arun.

Arun Prasath: Sir, you said that between the increase in the raw material prices and product prices, you said there will be a time lag effect in passing on to the customer. That lag effect will in...

K. Natarajan: If the prices continue to be where they are and flat then the lag effect will go away because my prices are adjusted to the current prices and the prices continue to remain stable. See, that's what I always say, the problem, if it is high prices and stable scenario, it is much better than high prices and a volatile scenario.

Because customers then adjust to the new situation, consumers adjust, and then there's a steady state. So if the prices continue to remain where they are, at least the time lag effect will not be there. But its impact in terms of being unable to revive demand in the key markets is certainly will be continuous challenge because at these high prices, demand certainly gets impacted.

Arun Prasath: Understood, sir. Okay. so high prices, stable demand, we should see margin coming back to the previous levels what we saw in the last year in the Q2 and Q3. That's a fair understanding?

K. Natarajan: Yes. Yes. Plus important thing is that EBITDA per metric ton has to have this thing in terms of our Premium Specialty is coming back and more so with the tariff scenario, how North America is going to come back. That's going to be AMET...

Moderator: The next question is from the line of Harshil Parekh from Acuitas Capital.

Harshil Parekh: Sir, my question is with respect to our Specialty business, which we are targeting in U.S. and Europe as a part of our Vision 2030. So sir, what is our right to win against someone like BASF or Croda considering their size and wide product range in Specialty segment?

K. Natarajan: Right to win is what we have done earlier over the last 45 years So we have won with they being in the market. So first is that we have the hunger, we have the capability, and we have a team. That is very clear that we need to be really growing in this market. So that's the first one.

It's not that we have not competed with them and won against them. What is important is how we are preparing ourselves against competition when we really respect like of the BASF or Croda who have greater geographical footprint and also in terms of superior product portfolio innovation capabilities.

We are working in terms of how we are able to get better in terms of innovation portfolio and also in terms of our ability to be able to access demand in both these markets. For that, what is critical is having your resources, both in terms of your -- what do you say, a vehicle to be able to access the market, okay, which we have now formed two subsidiaries, one in Europe, one, then we have in Latin America and in the U.S.

And the other is in terms of how well we are building the organization to be able to really deliver that for us. On both these fronts, we are well prepared. We also have a sound innovation process and a good understanding of the consumer trends and a good innovation pipeline that we have to be addressing the demand in these markets.

Harshil Parekh: So sir, typically, who would be our target customer? Like will we be focusing more on the MNC companies there? Or will we be targeting some smaller local D2C players there? Because D2C also has a market has very huge scope in countries like U.S. and Europe?

K. Natarajan: So in these markets, I'll be very happy if I have the ability to pick and choose which customer I want to engage with. But our objective is to significantly enhance our presence in the world's 2 of the biggest markets in home and personal care, then I'm not going to be picking and choosing which customer I need to engage with. We're going to be engaging with all the customers and seeing how we are able to create demand with them.

Harshil Parekh: No, sir. The question was from a context where some MNC companies would typically have these relationships with BASF or Croda. But for the small D2C player, BASF or Croda may be huge entities to supply to the smaller D2C players. So for that particular segment, it would have been easy for us to target. So just wanted to understand these things?

K. Natarajan: Yes. But it's also important that we work with MNC customers, correct. So it's not that -- it's not a question of whether this or that. It is this and that. That's what I was trying to explain to you.

Harshil Parekh: Okay, sir. Understood. And sir, last question was on the capex front. We have announced some INR2,000 crores of capex over the next 5 years, right?

K. Natarajan: No, we haven't announced -- I'm sorry where have we announced?

Harshil Parekh: I guess in some TV interview, you had announced this INR2,000 crores capex over 5 years?

K. Natarajan: No, nothing like that. We had-- when we had talked about our strategy for 2030, we had talked about what will be the sort of capital allocation, which we can work on in terms of our new initiatives, okay? We never said I announced INR2,000 crores plan. No way.

Harshil Parekh: Okay. Understood. So sir, can you just guide us about the capex for FY '26 and '27?

K. Natarajan: FY '26 and '27. Yes, right now, given what situation that we are in where we are trying to address the current tariff uncertainty and geopolitical situation, we are not planning anything significant. It will take time for us to come -- to get things out of the drawing board and then start signing off on investments. But yes, it will continue to be our regular debottlenecking projects and my

maintenance projects. So I think that will be in the zone of INR120 crores to INR150 crores.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. K. Natarajan for closing comments.

K. Natarajan: Thank you, ladies and gentlemen. It was a pleasure engaging with all of you. Thank you for being a huge support, and look forward to being with all of you in the next conference call for Q2 FY '25-'26. Thank you. Have a good weekend. Happy Independence Day to all of you.

Moderator: On behalf of Galaxy Surfactants Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.