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Galaxy Surfactants Ltd.

February 19, 2024

National Stock Exchange of India Ltd., Listing Compliance Department Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 **Scrip Symbol: GALAXYSURF**	BSE Limited, Listing Department, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 **Scrip Code: 540935**

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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 Q3 of FY 2023-24.

This is for your information and records.

Yours faithfully,
For **Galaxy Surfactants Limited**

NIRANJAN ARUN KETKAR
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Niranjan Ketkar
Company Secretary

Encl: as above

“Galaxy Surfactants Limited

Q3 and 9M FY’24 Earnings Conference Call”

February 13, 2024

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MANAGEMENT: **MR. UNNATHAN SHEKHAR – PROMOTER AND MANAGING DIRECTOR**
MR. K. NATARAJAN – EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER
MR. ABHIJIT DAMLE – CHIEF FINANCIAL OFFICER

SGA, INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to Galaxy Surfactants Limited Q3 and 9 Months FY'24 Earnings Conference Call.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 the 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. Unnathan Shekhar, Promoter, Managing Director from Galaxy Surfactants Limited. Thank you, and over to you, sir.

Unnathan Shekhar: Thank you. Ladies and gentlemen, a very good afternoon to all of you. Thank you for being here. It gives me immense pleasure to welcome you all to this Quarter 3 FY'24 Quarterly Earnings Call. Patience, persistence and perspiration make an unbeatable combination for success. This simple yet powerful quote by American Author Napoleon Hill highlights the importance of the 3Ps across various spheres of life.

Business is no different. While we all wish for success that is linear, volatility and uncertainties ensure success over the long run is always non-linear. It requires organizations to persevere, be patient, build on competencies and persist in order to strike big when opportunities come knocking.

Throughout the last 43 years, we have seen many such years where significant progress in profitability alluded us, but these are also the years that set us up for big victories. The key was to remain patient, sharpen ourselves, persist and build on the positives.

The financial year '23-'24 is one such year. While profitability might not reflect the progress made, the real positives lie in the market share gains, awards and recognitions received, resilience demonstrated and the relationship fortified during the year.

Starting with awards and recognitions, which we received during the quarter, we are pleased to share that your company recently won the 2023 Excellence Award. This award was given under the Fabric and Home Care category by Procter & Gamble to its top 9 suppliers out of which 7,000 global suppliers. This is the second consecutive year that your company has won this award.

We are the only Indian as well as Asian company to have won this award for two consecutive years. We also won the Supply Resilience Award awarded by Henkel for our excellent operational performance in 2023. These successes provide a glimpse of our progress with some of our key customers.

Let me move on to the underlying business performance. While the underlying volume growth stood at 8.4% for the quarter 3 FY'24, for 9 months, the sales stood at 8.5%, exceeding the 6% to 8% volume growth band defined at the start of the year. Given the receding effects of inflation and visible revival in demand, we are confident of meeting the upper band of 8% for FY'24 despite the emerging challenges.

While the quarter began on a strong note, the Red Sea escalation proved to be a dampener in the second half of December, leading to a spillover of volumes to quarter 4 FY'24. The cumulative spillover was close to 2,000 metric tons, approximately 3% of our quarterly volumes. While the spillover does not adversely affect the business, rising freight costs and lead times pose a greater risk. Further escalation remains the biggest risk going ahead.

Barring North America, a healthy uptick in volume growth is visible across geographies. While masstige categories continue to do well, sustained uptick in premium specialty products is key to improving margins. While North America saw some sequential improvement, it continues to reel under the aftermath of excess inventory.

Now getting to the specific volume growth numbers for YTD December. India continues to be the bright spot. YTD December, our volume growth stood at 13.6%, driven by performance surfactants. Despite the Red Sea escalation and currency volatility, the Africa, Middle East, Turkey region has grown at 2.3%.

Rest of the World is slowly but steadily making a comeback, driven by masstige products. The rest of the world has registered 7% volume growth for the 9 months ending December. Both our segments, performance as well as specialty, have done well. Performance has clocked 7.3% and specialty has clocked 10.8% volume growth.

As stated in our calls previously, volume growth remains the key prerogative. The numbers reported are encouraging despite the multiple global challenges as volume growth signifies the company through its relationships and products, has been able to capitalize on the first sign of demand revival.

Coming on to EBITDA per metric ton, we stood at INR18,781 per metric ton for the quarter, below the guided band of INR19,500 to INR20,500 per metric ton. This quarter, we had a couple of one-off impacts, which adversely impacted EBITDA.

Starting with the normalization of freight rates when compared to quarter 3 FY '23 and significant increase in the second half of December along with the spillover volumes to quarter 4 due to the Red Sea escalation.

Cumulatively, this impacted EBITDA by about INR7 crores. Adjusted for this, the EBITDA would have come in the guided bands. Export incentives owned in Egypt are only accounted on a cash basis. The same stood at INR21 crores for quarter 3 FY'23 but was 0 in this quarter.

To conclude, ladies and gentlemen, long-term structural stories requires patience, persistence and perspiration to yield the desired results. India is one such structural story and your company Galaxy is part of it. We strongly believe if FY'23-'24 was the year of normalization, FY'24-'25 will be the year of resumption. Resumption of our profitability journey in line with our business model principles. We remain confident and committed to ensure the same.

Thank you very much for your patience, ladies and gentlemen. Thank you very much. We now look forward to your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: Just a couple of questions. Sir, first, on to the Red Sea issue, as you mentioned, so there was a spillover of volumes in Q4 FY'24. So, sir, just wanted to know that the Red Sea issue hasn't been resolved? And are you also seeing a material uptick in volumes in Q4? Or like can we see a spillover to even Q1 and Q2?

K. Natarajan: No, no. So see, when the Red Sea issue happened in December when the shipping company decided not to take the Suez Canal route. There was a temporary suspension of sailings because they were deciding as to which route to take. Once they align in terms of taking an alternate route, avoiding the Suez Canal, okay, then things resumed, okay.

So there was a halt in terms of supplies into Egypt, okay, and out of Egypt because of the sudden impact of the Red Sea blockade. Now things have resumed in a sense that we know the sailings have resumed and they're taking a different route, increasing your transit time. But now we don't have to see any issue moving forward. That was only temporary at that point of time.

Unnathan Shekhar: Got it?

Aditya Khetan: Okay. And sir, on to the one-offs, you have mentioned so INR21 crores is the export incentive, which was recorded in last quarter, which was zero?

Unnathan Shekhar: Third quarter of last year, which was zero this quarter. We are comparing year-on-year, right? So when we compare year-on-year and quarter -- quarter of last year and quarter of this year, we said in the quarter 3 of last year, we had a gain of INR21 crores, which came as export incentives in Egypt, which we account for only on a cash basis, only when it is received, but not when it is accrued. Now that was zero this quarter of this year.

Aditya Khetan: Okay. So sir, we are maintaining our EBITDA per ton guidance like for the next 2 years, around INR20, INR22 per kilo. that would be maintained?

Unnathan Shekhar: No, we said INR19,500 to INR20,500. We are -- that is what the indication that we have given to you.

K. Natarajan: Yes. But then for the guidance, that is the guidance we have given for this financial year. But for the next financial year, we'll have to wait until we end this year, okay? So then we will review the situation and then come up with revised guidance we made...

Aditya Khetan: Got it. Just one last question. Sir, until now, sir, we have not witnessed inflation coming down, so by a significant margin being in North America. So like any thought you have this can sort of slow down our volume growth over the coming years. Is there any risk on to that assumption?

K. Natarajan: So one thing is we are seeing that in Africa, Middle East, and Turkey, the growth momentum commenced, although inflation is still a concern, but commodity prices have started coming down. Food inflation came down. Okay. So now the only thing is that we do see a brief lull because of the Red Sea blockade. Things will come back. So that is our expectation. We do see things turning around for better. And commence -- resuming the growth momentum that we had, okay, over the last 6 months.

Within North America, we still see that the destocking is something that has probably bottomed out, and we are seeing that demand we're seeing green sorts in terms of new demand, new orders being received by us. And we are confident that things should pick up moving forward.

Unnathan Shekhar: What we are also seeing is that the home and personal care industry manufacturers have taken certain price calls or price decisions in terms of lowering the price, which also should aid in this resumption of demand in North America, I'm referring specifically to North America. Yes. So we are seeing signs of revival in North America.

Aditya Khetan: And similarly, sir, into the domestic market, like the HPC manufacturers have taken a price reduction?

K. Natarajan: Yes. So it will result in demand pick up. We do see rural demand picking up, okay? So yes, it's good that these decisions are being taken. So the momentum in terms of growth should -- growth demand in rural segments should pick up.

Moderator: Our next question is from the line of Arun Prasath from Avendus Spark. Please go ahead.

Arun Prasath: Sir, my question is on the volume growth that we have said, this is close to 9%. And if you look at the fatty alcohol prices, it's almost in the third quarter, it is the decline is not more than 5%. So how do we explain the top line decline of 13% given the 9% volume growth and 5% to 6% fatty alcohol price reduction, the 13% is decline on the top line, notwithstanding the export benefit that we got in the -- but still, is there any gap in our understanding or in prices which have shown a different trend as compared to the...

K. Natarajan: No, no. So the 5% because we also have contracts of earlier period coming in. So I think that will not be the right way to look at it because it is not that when the prices get revised in a particular quarter as per external reports, that reflects the price that we get. So if that's sort of the correlation you're drawing, it's not the right correlation to draw, okay? So it also in the previous period when you look at it, okay, as to what the mix was in terms of our pricing. So that's not the right way to look at it.

Arun Prasath: But even if I extend this analysis to 9 months, still if you look at the 18% drop still -- most of the contracts should have renewed over this period. So...

K. Natarajan: No, no. One of the things that you should also see is that the mix has also changed. If you look at overall volumes, the specialty products have come down. So that are a higher priced products, correct? So when the mix changes, we also have the impact on the revenue, know?

Arun Prasath: Okay. Right. So is this mix, especially specialty care products, this is only in India? Or is it in the North American product -- North American impact is having a very high impact on the overall impact because I understand in India, it is not the case?

Unnathan Shekhar: No, you are right that the impact on specialties has been particularly from the developed countries, North America and Europe.

Arun Prasath: Right. Given the contribution from this geography in terms of volume is probably one-third, still this is -- is it the case of the margins in the underlying products falling higher than the -- what we have seen historically?

Unnathan Shekhar: No, no, no, Arun. See, if you see the developed markets, there is North America and Europe, contribute disproportionately as far as the specialties are concerned, okay? They have been impacted now for at least last 4 quarters, and we are seeing a revival or resumption only now, okay? So slowly, we would start coming back, and here is where we said that this coming period or this coming year, we would see a resumption of demand for these specialty products also in the respective geographies.

Arun Prasath: And what is the driver that is -- you are assuming this will revive, but what is the driver for this resumption? Is it inflation or does our market share gains also have to happen?

Unnathan Shekhar: No. The driver is -- one is that I say that, emptying of the pipeline inventory, which was there, which was supplying the North American geography, at least for the last almost 4 to 5 quarters or so. So one is the emptying of the pipeline, one. And number two, I would say, the inflation is easing a little, okay? Inflation is still there in North America, but it has eased a little.

So these are the 2 things which we think are reasons. But when we convey to you, this is in terms of what we're observing and experiencing in those markets in terms of the demand coming back.

Arun Prasath: Right. Understood, sir. Within India is our specialty portfolio now with the inflation easing, and you said there is a revival. Is it the chance of customer upgrading? Usually, in a deflation scenario, people will downgrade. But you are already seeing the signs of people switching to better products, thereby our specialty increasing? Or it's still this trend within India yet to be seen?

Unnathan Shekhar: See, what we mentioned even last time, in fact, India is seeing a very interesting development, particularly in terms of home care, okay? We see maybe in the context of convenience, we do see the home care market, that is fabric care, fabric detergents experiencing good growth with respect to the premium detergents, what we call the liquid detergents. The liquid detergents which are today a premium are seeing pretty good growth over the last two, three years. They are continuing to grow. Maybe the base is small, but we are seeing that this particular category has been growing well.

Similarly, the premium detergents have also grown well as far as fabric care is concerned over the last almost 1.5 to 2 years or so. So as far as personal care is concerned, the super-premium specialties in India still remain a small percentage. India is still largely a mass and a masstige market as far as personal care is concerned.

Arun Prasath: Understood. Thanks for this detailed one. My second question is on this Red Sea impact. When we said the freight is higher, do we have the ability to pass it on to the customers? Or is it something like a -- is it a temporary one? or is this something we can recover from the customers? How are our contracts structured?

K. Natarajan: No, no. So the contracts of what happened, Arun, was that immediately when it happened and the freight rates went up, then you have -- there's a time by which you start passing it on. So first is clearly, we were ready to pass on, but the suddenness with which it happened, it didn't allow me to pass on immediately. So very clearly, there is an urgent need to pass on and we are passing on. And we do see that these rates are temporarily increased. Until the time the Red Sea issue continues, the blockade, the freight rates are going to be higher.

Arun Prasath: And then this is only a concern for India business or for AMET also, this is a problem?

K. Natarajan: No, no. Essentially, this is only for business into -- so Egypt actually sources good amount of its requirements from Asia and also exports out of Egypt into U.S. And so obviously, you will have an impact -- and India also serves Egypt. So there will be an impact in terms of incoming for Egypt as well as for the outgoing freight.

Moderator: The next question is from the line of Anupama from RatnaTraya Capital Partners. Please go ahead.

Pavan: Sir, this is Pavan. So I just wanted to understand, if we look at the volume performance last four years, it has been around 4% or so. Our guidance band is somewhere around 8%. So I just want to understand what -- I understand last two quarters, we have delivered 8% kind of volumes. But going forward in the medium term, what gives us confidence that, that is the right band because last 4 years, the cadence has been relatively lesser?

Unnathan Shekhar: Okay. So let us talk about -- maybe I have to give you a historical context and historical perspective. See India used to have a growth rate of around 8% to 10%. The global market used to grow at something like 2% to 4%, okay And so based on our product mix, and the characteristic of the various geographies, we used to give or indicate a growth range of about 8% to 10%. And this I'm talking about maybe about 6, 7 or 8 years back.

Now then, COVID hit us, okay Now COVID, the year was a very, very different year, okay And it didn't reflect the secular trend that one is used to observing in various markets, geographies, and countries. So there was what I would call, a temporary upsurge in terms of consumption, driven by the need for cleanliness and care across various geographies. And this was also clubbed with the supply chain disruptions, which made manufacturers, that is our customers, draw more from us in terms of their ingredients.

And the after effect of this was seen in '21, '22 where there was a double volume, both in terms of where they have over ordered, one. And there was a huge supply chain disruption across the world, okay And there was a huge freight upsurge again that we had seen, both supply chain disruption as well as freight upsurge.

So that was when we talked about or scaled down our volume growth indication. So in '21-'22 and '22-'23, we talked about an optimistic band of around 6% to 8%, okay And in terms of historical things, we were there around at the lower band.

Now we felt as far as the beginning of this year is concerned that the demand was slowly coming back. And again, at the beginning of the year, we had given an indication of 6% to 8%, okay? Now today, when we are at 8.5%, you would say, this has come on the basis of whatever I mentioned in the initial speech, which has come out of our relationships for the market share gains as well as the revival of demand, which started happening in quarter 2 and quarter 3 also to the world. India has remained a very, very strong story, okay

So you would have seen that we have grown consistently in India in the last 6 quarters or 8 quarters. So this gives you a historical background. In terms of the volume growth, it used to be 8% to 10%, then it came down to 6% to 8%. And then now we said and going forward, we would like to look at maybe 8% to 9% in the coming year. Does that answer your question?

Pavan: Yes. I had one more question. On the EBITDA per ton, if I look at last year's number, of course, if I look at it from a historical perspective, it looks pretty odd at around INR23,000, INR24,000 if I'm right. So how many years do you think it would take us to get back into that kind of band again? Are we looking at -- looking -- yes.

Unnathan Shekhar: We did explain even during those times that a lot of those gains were also opportunistic gains, okay One. And number two, certain disproportionate product mix during those particular quarters, okay We did caution and moderate expectation during those times that we would look forward to normalization of EBITDA.

And that's how, in the beginning of this year, we said we would like to give you an indication of INR19,500 to INR20,500 EBITDA per metric ton, which we would like to going to maintain. And as Mr. Natarajan said, we would relook at it in the first quarter.

Pavan: Okay. And just one last question on the volume side. So basically, if we are looking at 8% to 9% volume, volume kind of growth, we are looking at almost like 15% volume growth in India. Is that the right assumption?

K. Natarajan: No, need not because we also see growth coming back in Africa Middle East, Turkey, we're also seeing in U.S. and Europe coming back. So it's not that India needs to be at 15%.

Pavan: Okay. You think you can manage it with below 15% also? 13% or 12% also, it can be managed, those numbers?

K. Natarajan: No, no. We'd like to grow India also 15%. I'm just saying that if you deliver even 8%, 9%...

Pavan: Okay.

Moderator: The next question is from the line of Rohit Nagraj from Centrum Broking. Please go ahead.

Rohit Nagraj: Sir, my first question is, you mentioned some spillover from Q3 to Q4 in terms of volumes. And given that, we have grown by almost 8.5% in 9 months. And you alluded that probably will grow at a higher band of 6% to 8%. Are we expecting some volume decline during the current quarter, which could be related to the exports or Red Sea issues? Any comments on that?

Unnathan Shekhar: Yes, good question. While -- Rohit, while we are seeing demand as a function, we have to be cautious with respect to the Red Sea issue, okay So let us be optimistic and look forward to this particular quarter, okay So we have suddenly factored the Red Sea disruption.

Rohit Nagraj: Sure, sir. That helps. Second question, in terms of our capex for the 9 months this year and any guidance for FY'25? I think we've been saying that it will be in the range of INR150 crores, INR175 crores. Just wanted to hear it from your end.

Abhijit Damle: Yes. So these 9 months, we have a capex of about INR90 crores, and we are on -- in the guidance of the same that we already mentioned about INR130 crores to INR150 crores for the year.

Rohit Nagraj: Sure. And when this...

Unnathan Shekhar: Yes. As you said, we are in line with our capex expenditure. By the end of the year, it will be around INR130 crores to INR150 crores. Yes.

Rohit Nagraj: Sure, sir. Just one last clarification. So we just mentioned in our commentary that the North America, we are seeing some pickup, which is happening, probably early signs. And given that, generally, the premium specialties are going up, that should construe to better EBITDA per metric ton. So is it a fair assumption that if North America picks up in Q4, Q1. Again, will we move closer to that band of INR19,500 from whatever we currently have?

Unnathan Shekhar: That is the estimate. You are right, as North America picks up and Europe picks up, you would see the resumption with respect to the specialties, and we would expect to see the margins going up.

Moderator: Our next question is from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: Thank you, sir, for the follow up. Sir, my first question is, sir, recently, in January '24, one of our competitors have announced INR600 crores investment into its oleochemicals and surfactants business. Sir, we view this as a risk? Or like any comments from your side, like are they for targeting the domestic export and how things will go ahead?

K. Natarajan: So we have no comments on what competition is. We are very clear what we need to do. And competition always gets the best in us out. So it's okay. So they will do what they need to do. We'll do what we need to do. So we don't see that as a risk.

Aditya Khetan: Okay. So like, are we foreseeing any sort of an increase in competitive intensity or anything?

K. Natarajan: So competitive intensity has always been very high. And we have grown despite the competitive intensity, and we'll continue to do the same moving forward.

Aditya Khetan: Okay. Sir, you have said that the specialty mix has gone down. Any numbers, sir, you can give out, like so 60 or 65 performance? So how much decline into specialty we have seen, that mix number?

K. Natarajan: So actually, Specialty grew this quarter, know?

Unnathan Shekhar: For the year also -- the growth in specialties was 10.8% for the first 9 months of this year.

Aditya Khetan: Okay. To one of the earlier participants, you mentioned that mix has gone down, so I was wondering on it. Okay. Okay, sir. Yes.

Moderator: The next question is from the line of Krishan Parwani from JM Financial. Please go ahead.

Krishan Parwani: Yes. Just one question from my side. So basis our understanding, I think prices of some of the key products, let's say, which you said in Performance products are still 10% above the long-term average. So is it possible that on a sustainable basis, our per ton EBITDA could be more like INR16, INR17 per kg even, let's say, even taking into the consideration the higher share of Specialty? Yes.

Unnathan Shekhar: No, no, no. We don't think so.

Krishan Parwani: Okay. So you don't see the price drop in, let's say, the product like SLES, CAPB...

Unnathan Shekhar: We don't.

Moderator: The next question is from the line of Nirav Jhimodiya from Anvil Research. Please go ahead.

Nirav Jhimodiya: So I have 2 questions. So one is on our production capacities in India spread across the 3 locations, Tarapur, Taloja and Jhagadia. Can you just help us determine the current capacity utilization between the 3 plants put together?

Unnathan Shekhar: Approximately all put together, we are about 70%.

Nirav Jhimodiya: Okay. And sir, let's say, at this 70% utilization, how much would be exported out of India and how much would be used for domestically here in India to sell?

K. Natarajan: From India, overall, if you look at it, overall, our export is about -- consol revenues is about 65% and domestic India is about 35%.

Nirav Jhimodiya: Okay. So let's say, if we are producing 100 here in India, 30 is exported out and 70 is...

Unnathan Shekhar: No, no, no. We are talking about consolidated. Total international business for us is approximately 65%, and India would constitute 35%, that is on an overall consolidated...

K. Natarajan: We would always like to be sticking to that. So we don't want to be getting into specific -- India specific, how much is exports and how much is domestic.

Nirav Jhimodiya: Got it. Got it. And let's say, whatever is exported out of India would be predominantly the specialty volumes or because Egypt generally serves the performance surfactants. So the good proportion of volumes going out of India would be more on the specialty side or how the mix looks there?

Unnathan Shekhar: All, all. All products contribute to these exports. All products contribute to the exports.

Nirav Jhimodiya: Got it. Sir, second question is on one of our slides you have mentioned about the revenue breakup for 9 months between the 3 geographies. Is it possible to share the volume breakup between the 3 geographies, how it looks like?

Unnathan Shekhar: No.

Nirav Jhimodiya: Got it. Okay.

Moderator: The next question is from the line of Prolin N, who is an investor. Please go ahead.

Prolin N: Hi, team. Just one question from my side. When you are giving s guidance of 8% to 9% volume growth. I mean -- and North America is also you're assuming that, that will recover. So I mean, when you interact with some of your customers, is there a risk that when they do their inventory restocking, so to say, they might not go back to their previous levels because of a higher interest rate environment. I mean, is that a risk and then the recovery in terms of volume or even sustenance of volume, can it be delayed by a year? I mean, what's your comment on that since you have looked at the whole industry for a very long period of time?

K. Natarajan: So one thing that they did was that they have -- all our customers also think through. And before they start reordering, they also take a hard look whether -- when they start reordering and start reinstating the inventory levels and the pipeline inventory, whether they do see a risk of the demand not really coming back. So if they have waited this long and started coming back, it's only fair to assume that the demand would be positive, demand growth would be positive moving forward.

Prolin N: Sure. So I was not, I mean, commenting from a demand point of view. What I was saying was that, every company will look at their own balance sheet, right, while restocking and cost of financing has probably gone up. So what I was trying to understand was that even if demand comes back, do you think that they can do with lower inventory levels than what they have done in the past or that at this point of...

K. Natarajan: But what I would say is that in this market, okay, when there is a demand uptick that is being looked at, I think they would always like to have higher inventory to be catering the demand because losing a demand, okay, is not something that anyone would like to afford.

Prolin N: Fair point. That's it from my side.

Moderator: The next question is from the line of Bhavin Soni from Anand Rathi. Please go ahead.

Bhavin Soni: Sir, I just wanted to get a clarification regarding the INR7 crores impact on EBITDA we had given earlier on the commentary with respect to a one-off.

Unnathan Shekhar: Yes, So what we said was the quarter had a couple of one-off impacts. So one was the normalization of freight rates when compared to quarter 3 FY'23, which happened in quarter 3 FY'23, but there was a significant increase in the second half of December, this quarter 3 of FY'24, that was one. Due to which, there was a spillover of volumes of -- which we said, which has gone to quarter 4. So cumulatively, these impacted the EBITDA by about INR7 crores.

Moderator: The next question is from the line of Anubhav Sahu from Mcpro Research. Please go ahead.

Anubhav Sahu: So a couple of questions. So one for the Q3. So what was the volume growth for the India domestic business? And incrementally, what demand trend are you seeing for the rural areas?

K. Natarajan: India grew about 13.5%. Okay? And then what do you expect the demand -- rural demand was actually negative. That's why the commentaries from our customers say, which has started turning around in some of a positive trajectory. So it is probably the sort of about 2% to 3%. So it is expected to pick up as we move forward.

Anubhav Sahu: Okay. And as far the spillover of volume from Q3 to Q4, so which geographical areas were impacted because of this?

K. Natarajan: It's only Africa, Middle East, Turkey.

Anubhav Sahu: Okay. And for Q4, I guess now this increase in freight cost is already getting factored in the new supplies, which we have been sending to the customers?

Unnathan Shekhar: Yes.

Anubhav Sahu: Okay, that's all from my side.

Moderator: The next question is from the line of Anupama from RatnaTraya Capital Partners. Please go ahead.

Anupama: Yes. You mentioned that the freight cost has come down. So can you, like, give us a normalized rate going forward? Freight cost per metric ton?

Unnathan Shekhar: Freight costs have gone up now. We talked about freight cost normalizing in the previous year, quarter 3 of previous year, okay As a matter of fact, the freight costs were normalized even up to September of '23, okay We started seeing this jump in freight once the Red Sea issue started escalating.

Pavan Kumar: So Q4 can be expected pretty much an elevated freight costs as compared to Q3?

Unnathan Shekhar: Yes

Anupama: And what about FY'25 -- '24?

K. Natarajan: We don't have a crystal ball in front of us. It all depends on how the Red Sea crisis pans out. If it gets better and things get resolved, it will come down. If we get worsen or continue to remain where it is today, it will be higher. So it's something that we are not in control of.

Anupama: And what is your guidance for capex for FY'25?

Abhijit Damle: Yes, yes. I mean we have been saying that we have been doing capex of about INR130 crores to INR150 crores in a financial year and that we continue for the next year also.

Moderator: Ladies and gentlemen, that was the last question for today. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Unnathan Shekhar: Thank you, ladies and gentlemen. Thank you for your time. Wish you all the very best. Thank you.

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