Galaxy Surfactants Ltd.

May 26, 2025

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**

Subject: Transcript of concall Q4 of FY 2024-25

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 Q4 of FY 2024-25.

This is for your information and records.

Yours faithfully,
For **Galaxy Surfactants Limited**

NIRANJAN ARUN KETKAR Digitally signed by NIRANJAN ARUN KETKAR Date: 2025.05.26 09:46:26 +05'30'

Niranjan Ketkar
Company Secretary

Encl: as above

Communication Address:
Rupa Solitaire,
Ground Floor, Unit no. 8, 12A and 14
Millennium Business Park, Mahape,
Navi Mumbai, 400 710
Ph: +91-22-33063700

Regd. Office: C-49/2, TTC Industrial Area,
Pawne, Navi Mumbai-400 703, India
CIN: L39877MH1986PLC039877
Ph: +91-22-27616666
Fax : +91-22-27615883/ 27615886
e-mail : galaxy@galaxysurfactants.com
Website: www.galaxysurfactants.com

"Galaxy Surfactants Limited

Q4 FY '25 Earnings Conference Call"

May 19, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 19th May 2025 will prevail."

MANAGEMENT: **MR. K. NATARAJAN – MANAGING DIRECTOR** **MR. ABHIJIT DAMLE – CHIEF FINANCIAL OFFICER**
SGA – INVESTOR RELATIONS ADVISORS

Moderator: Ladies and gentlemen, good day, and welcome to Galaxy Surfactants Limited Q4 and FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the 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. K. Natarajan, Managing Director of the company.
Thank you, and over to you, sir.

K. Natarajan: Thank you. Very good afternoon, ladies and gentlemen. Welcome to our quarterly earnings call for Q4 FY '24/'25. As we gather here today, I'd like to take a moment to express my gratitude to all our stakeholders for their unwavering support and dedication. Your commitment has been instrumental in navigating the challenges and seizing the opportunities that this fiscal year has presented.

As we reflect on the past quarter and the full fiscal year, it is evident that the business environment has been dynamic and complex. The supply side volatility, which has been a persistent theme has shown some signs of stabilization, yet it remains a critical factor to monitor. The geopolitical landscape, while less turbulent compared to previous quarters still poses uncertainties that we must navigate with caution.

On the demand front, the story remains mixed. India, which constitutes a significant portion of our business has seen flat performance this quarter and for the full fiscal year. This is primarily due to the lingering effects of the previous quarter's slowdown compounded by rising fatty alcohol prices from Q2 onwards by more than 40% leading to a slower-than-expected recovery of demand in the performance surfactant segment.

We remain optimistic, though, about the potential for growth in the coming quarters driven by improving economic indicators and the gradual normalization of market conditions. The Africa, Middle East and Turkey region, has also experienced flat performance, while the macroeconomic environment remains challenging, there are signs of improvement in demand factors and the easing of supply chain disruptions, making us cautiously optimistic. We're taking proactive measures to enhance our market presence and capitalize on emerging opportunities as the region stabilizes.

In contrast, the rest of the world has been a bright spot, registering double-digit growth this quarter and for the full fiscal year . This robust performance is a testament to our strategic focus on expanding our global footprint and leveraging the growing demand for premium specialties.

The strong growth in the rest of the world is driven by continued expansion in Europe, APAC, North and Latin America. We are confident that this momentum will sustain supported by favorable market conditions and our ongoing efforts to innovate and diversify our product portfolio. While for this quarter, in rest of the world, we raised a 9% volume growth, the year-to-date volume growth stands at 17% driven by masstige specialties.

Coming to Q4 FY '25 performance, I'm pleased to report that our consolidated EBITDA for the quarter stood at INR135 crores, marking a strong sequential growth of 23% over Q3. In line with this, our EBITDA per metric ton improved significantly from INR 17,534 metric tons to INR21,715 metric ton in Q4, an impressive 24% increase quarter-on-quarter basis and a 5% increase on a year-on-year basis.

This performance was driven by the effective pass-through of raw material price increases to customers, a reduction in freight cost due to the easing of supply chain constraints, improved yield management and disciplined cost control across various operational areas. Furthermore, certain one-time costs that had impacted profitability in the previous quarters, were effectively address contributing to the overall margin expansion.

On a YTD consolidated basis, we have reported EBITDA of INR510 crores and an of EBITDA per metric ton of INR19,868 per metric ton, which is broadly in line with the performance of the previous year. These results reflect our continued focus on operational excellence cost-efficient challenging and strategic agility positioning us well for sustained and profitable growth.

From an innovation perspective, we are proud to share that our latest innovation Galguard Prebiotive has been honored in the best Ingredient Silver Award in the functional category at the innovation zone during the in cosmetics global exhibition in Amsterdam in April beginning. This prestigious recognition is a testament to our unwavering commitment to excellence in innovation. It's not only validates our efforts, but also inspires us to continue developing sustainable ingredients that will shape the future of the personal care industry.

Coming to the outlook. While the past quarter and the full fiscal year have presented their share of challenges, we remain resilient and focused on our long-term goals. The performance of our business in Rest of the World demonstrates our ability to adapt and thrive in a dynamic environment, we are optimistic about the future and are confident that our strategic initiatives will drive sustainable growth and profitability.

Looking ahead, uncertainties persists, particularly around geopolitical developments such as the implications of U.S. tariffs and its impact on overall global demand. While this may have a direct impact on certain products, the broader concern lies in their potential to drive inflation and dampen overall demand. For India, we are structurally optimistic on consumption story with inflation under control interest rates going down and the government providing cutting tax reliefs in the budget. All the previous crises for removal of growth are in place.

On the supply side, we continue to face challenges that have persisted from the previous quarters, notably the price of fatty alcohol has remained elevated at the same levels as seen in Q3, and we anticipate that they'll stay high for at least one more quarter. This situation is primarily to supply shortages in Southeast Asia, while production shutdowns breakdowns in Plam Kernel oil manufacturers have significantly impacted the availability of these critical raw materials.

International sea freight cost is restored as compared to previous quarter. however it is being affected by several factors like the postponement of the reciprocal tariffs by the U.S. which has led to higher demand for containers, further straining the supply chain. Moreover, there is no signs of ships returning to the Suez Canal route, which continues to disrupt the traditional shipping lanes. Congestion in Europe, China and Southeast Asia is also affecting export and import shipments, exacerbating the delays and increasing lead times.

Despite the ongoing challenges, we are actively working to mitigate the impact on our operations. We are closely monitoring the supply chain, engaging with multiple suppliers and exploring alternative sourcing options to ensure that we can maintain the production schedules and meet customer demand. For the current environment, presents difficulties, we remain committed to navigating the challenges with agility and resilience ensuring that we continue to deliver value towards stakeholder.

To conclude, we look forward we our inspired by the vision for the future, as Nelson Mandela said, it always seems possible until it's done. We are committed to taking the necessary steps today to ensure a bright and prosperous future for our company. We remain vigilant and prepared to navigate these uncertainties, leveraging our strength and the strategic initiatives required to ensure continued success.

Thank you once again for your continued support interest. We look forward to sharing more updates and progress in the coming quarters. Thank you. And now handing over to the meeting coordinator.

Moderator: We have a first question from the line of Aditya Khetan from SMIFS Institution Equities.

Aditya Khetan: Sir, in this quarter, this rise into your pricing per kilo, have we taken the complete impact of the raw material price or there is still left like we will be taking further price hikes next quarter also?

K. Natarajan: It's pretty dynamic because it always gets passed on to the lag. The only thing is that the sequential increase seems to be like -- it was close to but in the last quarter of about $2,600 per metric and it's gone to about $2,800 progressively. So yes, there will be always some lag in terms of passing on, but I would say that a good portion has already been passed on.

Aditya Khetan: Okay. And sir, like as you had mentioned that the Indian market will continue to remain subdued and raw material prices also might remain elevated for the next 3 to 6 months. So is there any change in your volume guidance for FY '26 from the earlier 8% which we have given?

K. Natarajan: Yes. So I just said, that is the guidance. But then I did mention in the last conference call itself that, continues to be our long-term guided range. But then that is not something that we're looking to deliver at least till the time the India market really starts turning around. So we would probably be looking at closer to the lower end of the bad okay. Like we delivered close to about 3.5% last year,

And then you probably want to continue the momentum that we generated on volumes in the last quarter, And look at how we leverage the other geographies like Rest of the World, okay, to be able to deliver closer to the lower end of the band. That would be something that I would like to look at for the Q1 of '25, '26. Okay. We've been in a better position to talk about whether we'll go back to the early guide 6% to 8%, probably when we do the conference call for Q1 '25-

'26.

Aditya Khetan: Okay. Okay. Sir, and on to the raw material prices. So these palm kernel oil prices are on an uptrend, whereas the LAB prices have been more or less, you can say, subdued only or flattish. So now surfactants can be made via the LAB route also. So is there any change in contracts like global players are shifting more towards the LAB route they're procuring more surfactants from this segment? So rather than Palm kernel oil

K. Natarajan: Casually in your powder detergents. So that's something that our customers will try various ways of reformulation and all that. But then we don't supply major into powder detergents. We supply major into liquid detergents. And there, we do see that that's something that is remaining intact. But then, yes, we need to be conscious that these sort of changes can happen, and we are seeing as how well we are able to get prepared to counter that.

Aditya Khetan: Got it. Sir, any idea on to the freight cost, like for full fiscal FY '25, we had again seen a rise in freight cost, which is why your per kilo EBITDA also remains impacted. So what is your outlook? Like can it remain at these levels? Or there's a chance like this can go down and improve our EBITDA?

K. Natarajan: No, we expect freight rates -- I think it has starts coming down very well. But then these recent issues on reciprocal tariffs being introduced and postponing it and people-like to prepone shipments as personally own share of challenges in terms of that sustaining. The other issue also is that with the ongoing issues still continuing in the Russia Hamas conflict.

I think the Red Sea crisis has continued to remain very light. Unless we have the Suez Canal route getting opened up and people taking the red sea I think we will continue to have these challenges on the freight front.

Aditya Khetan: Got it. Sir, just 1 last question. Sir, on to the volumes when we look at the breakup, so the AMET volumes are still subdued in '25. I believe last year also, they were at the bottom, and there has been no material improvement in FY '25. But the rest of the world volumes have seen a good uptick. Any idea, sir, on the two markets, how this could be here for the last full year?

K. Natarajan: Yes. So one of the things is that last year, if you see most part of this thing, AMET was impacted not so much by demand, but because these supply side issues because of the incoming raw material is getting delayed. So I think we do see that, that has probably got significantly better.

We do expect that Africa, Middle East, Turkey this year should start assuming it's growth momentum, whereas rest of the world, driven by the Americas region. We've also done well across all other geographies like Europe and Asia Pacific, okay, we would expect this momentum to continue.

But that's what I said that gives me the confidence that even with India really not picking up in the first off, we should be able to be looking at volumes at the lower end of the guided range of 6% to 8%.

Moderator: We have our next question from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: Sir, first question is on the Specialty Care products. So last year, during FY '24, we had seen a very strong growth during the year. It was probably primarily profiled by even the consumption in India, which was grown at mid-teens.

And this year, it has become flattish. So what is -- and I understand that it is again predominantly driven even from the developed markets. And last year, early from last year, we had seen some pickup because inventories were normalized, and there was a pickup in terms of demand.

So what is our current perception on the specialty products and how things are likely to shape up in future in near future, given that generally, these are slightly higher value than the performance surfactants?

K. Natarajan: Yes. So in specialty is what we have, what goes into the premium formulations and what goes into masstige formulation. So if you see the volumes that were majorly impacted by -- the special is it goes into the masstige products, which is majorly in India and Africa, Middle East, Turkey, which is where we have seen an impact, okay, because there's been some downtrading that has happened into people going more into BLD low-end products,

So I think this is going to be a factor in terms of how the commodity prices start getting better and the demand momentum has to come back. While the demand moment then comes by everything, it takes everything around with it. So masstige specialties have impacted the specialties growth for the current year.

Whereas if you look at the sort of momentum we are generating on projects getting done on my Prestige specialties, this sets me in a good space, and then we do see a good amount of pipeline projects and pipeline getting developed with customers.

Rohit Nagraj: Sure. Sir, second question in terms of given that this year, our volume growth has been slightly tapered off. And next year also, we are guiding on a lower end of our normal band. In terms of capacities which are available, do we still have to go in for the normalized capex of INR150 crores, INR170 crores or we will probably take a breather in the coming year?

K. Natarajan: No, There's nothing new that we're taking up. So the projects that we have rolled out will start getting commissioned in this year. But there's nothing significant that we're looking at this year, at least because we need to take a base as you rightly said, because my project team also has been pretty busy. So we will wait an watch. But what is absolutely required, okay, is what will be done.

Rohit Nagraj: And just one last clarification in terms of the -- Unilever has announced that we'll be making the surfactant facility for them in Mexico. Any numbers on the same from our perspective and that the impact is about $1.5 billion. So any clarity if you want to provide?

K. Natarajan: No, I cannot. I'm allowed to, but then I'm bonded by the confidentiality with the customers. So it's only what the customers themselves, they are themselves disclosed. Beyond that, we are not able to because we have bond a very clear contention with them in terms of what is our goal, what is the investment that we will be responsible for, okay? So I think that's something that we would need to keep out of the discussion.

Moderator: We have our next question from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: I got a few questions. First, on this margin, Q4 appears to be very strong. So we hold on to our guidance of Rs 20,500 / MT to 21,500 / MT - EBITDA /MT for FY '26?

K. Natarajan: Yes, Sanjesh.

Sanjesh Jain: So that guidance remains intact, right?

K. Natarajan: Yes.

Sanjesh Jain: And second question is on other expenses. Volume sequentially appears to be stable to better, while there is a drop in the other expenses. Any particular reason why there is a drop in the other expenses?

K. Natarajan: So that's because there have been some -- we've also been looking at, given the demand scenario. We've also looked at certain cost optimization efforts, that's one. The second is also there were some onetime costs that were there earlier, which has also been taken care of. So there it's a combination of certain things that are not continuing into this quarter and also in terms of good amount of actions we have taken on cost optimization. And freight rates also coming down is also reflecting, okay, in the expenses being lower.

Sanjesh Jain: But that again may jump up that, right, in Q1?

K. Natarajan: If the freight costs go up, okay. But at least right now, the problem is the freight costs haven't jumped up that significantly, although they have started going up. The major challenge in the freight front is in terms of getting containers and schedules on shipping companies. So I probably expect that it may remain at the levels that they were in Q4.

Sanjesh Jain: Okay. Okay. The next question is on demand itself. What are the measures are we taking within our control to drive the higher volume growth, both in India across the region, India, Middle East, which is AMET and rest of the world?

K. Natarajan: Yes. So the first 1 is in terms of -- okay, is -- how do we ensure that we are able to have our sales team getting every top of demand that is available. And we have the ability to be able to fight in the market to be able to get our share of the business. So that is something we are very clear. So it's like how do you prioritize volume growth over margin growth. That's very clear.

Second is also in terms of how we also are able to create certain better go-to-market strategies. I think we are also working on that, okay? But those you start showing more results as far as the specialties are concerned. But with performance surfactants we are well positioned in terms of what we are currently doing on the go-to-market.

Strategy is only in terms of how do we ensure that given the tepid demand situation, how do we don't lose even a single metric turn okay business. So that way, the question of how do you get your sales team focused on that particular single-minded objective.

Sanjesh Jain: Very clear. Next question is on fatty alcohol versus crude-based surfactant. Now that crude prices have been falling well fatty alcohol remains very sticky and high, do you see there is a shift, at least on the lower end of the product from fatty alcohol to say, petro-based surfactant?

K. Natarajan: Yes, yes. We do see, okay, but we also know that it's not that they've not been done earlier. There have been enough times when this particular scenarios played out, but then there are formulation challenges. But yes, given the way things are with a very tepid demand and elevated prices of oleochemicals feedstocks. We do see certain reformulations happening.

And we're also looking at how do we prepare ourselves to be able to even for a short term or ever be able to manage this flexibility in a more effective manner. Although we are very clear that this is not going to be a long-term trend. But we'll keep having the short-term challenges of reformulation, and we are seeing how well we are able to participate in that.

Sanjesh Jain: Any products that we want to introduce within the petro based in India which can help us add a little bit of volume and drive the growth. Any product portfolio changes. I know we don't want to do LABSA But any product beyond that LABSA, sir?

K. Natarajan: There is Alpha Olefin Sulfonate, which is one other alternative, And there are certain synthetic alcohol-based derivatives, instead of fatty alcohol derivatives. So there are multiple options. It all depends on customers because it's not that a particular ingredient will fit every customer.

So each customer on the reformulate, they have their own reformulated this thing, and we need to work with that. So we are saying how we are able to prepare, to be managing all that we can do. LABSA something that we will not do in India, which are very clear. Other than we're reverting every other option including synthetic alcohol-based, surfactants to alpolyethylene-based surfactants.

Sanjesh Jain: Got it. But we haven't started any of that, right? That means we...

Moderator: Sorry to interrupt Mr. Sanjesh. We request you to move on.

K. Natarajan: Let me answer this for him. So it's not that we haven't said is only how we rethink your internal supply chain to be able to manage multiple grades and SKUs, because every time that you change your runs and everything you need to have a watching on all that's how do you manage productivity and flexibility. How do you manage these two in a very effective way is what is the challenge which we are working on.

Sanjesh Jain: But from the capacity perspective, we are covered for that as well. You don't need a separate plan for that.

K. Natarajan: No, we don't need.

Sanjesh Jain: Very clear, sir. Thanks for answering.

K. Natarajan: Yes, we will require some debottlenecking, but that we will do those all not significant.

Sanjesh Jain: Those are not significant. But this plant can handle the new age or the petro based?

K. Natarajan: Not exactly new age, old age products, we can.

Sanjesh Jain: Old age products, that's what I was correcting. Sir, just one last question before I get back in the queue.

Moderator: Sorry to interrupt, Mr. Sanjesh, we will request you to rejoin the queue.

Sanjesh Jain: Okay. Fine. Thank you, sir. Thanks for answering all those questions.

Moderator: Thank you. We have our next question from the line of Arun Prasath from Avendus Spark. Please go ahead.

Arun Prasath: Good afternoon. Sir I have a couple of questions. First, this free trade continues to hamper our performance in a very volatile manner. Last time also we discussed when this happened. So are we still doing CFR based building why we are not completely shifting to FOB-based buildings so that the free trades are completely passed down to the customers on the same shipping parts?

K. Natarajan: So that is not that -- one of the things we need to be clear is that that's one of the value delivery that we need to provide to customers. The moment it can be that I keep shifting tomorrow freight rates will come down. Okay, it doesn't mean that I want to do CFR. So these are things that we, as an organization, would have the capability to manage that, which is what we are doing.

There is no way because customers also want delivery done on time. They also have challenges in terms of getting the containers same thing. And the expected value added from us. That's the reason why they need us. So I don't want to be hitting at our basic purpose of existence itself. That's the way I'll put it.

Arun Prasath: Sir, if you are hedging that value add we should also be able to recover the incremental freight rates over and above that, right?

K. Natarajan: We are recovering. It's not that. But then if freight rate jumps up today and have already done a contract, which is there up to June, there's no way I can go and in between take it out. So that will be the volatility situation that we had to content with.

Arun Prasath: So in the situation where you said say a hypothetical situation, whereas June contract ends and when the contract renews in July, you will be able to recover the -- say, that by the time the freight rate comes down to a normal level. So renewal happens in the original rate or you pass it on or recover some of the freight rates also in next contract?

K. Natarajan: It will be on the new rate, which we expect for the next contract. And my freight buyers have to manage that properly with the relationship we have with our shipping companies and freight service providers. So it is not that you will end up saying that I'll continue over the last quarter. No, that never happens.

The same thing happens when the freight rates also increase correct. So I don't charge them the previous quarters freight rate. I don't charge what is going to be applicable for the next contact period.

Arun Prasath: So if there is a high volatility, we have to observe. That is what I understand.

K. Natarajan: Yes, high volatility of both ways the times that it may benefit us also.

Arun Prasath: Right. Understood. Sir, that means if you see in FY '25, our gross margin per kg increased by around roughly INR3 per kg, whereas on our EBITDA per kg was flat. If the current freight rate continues, we should see this INR3 per kg coming into the -- flowing into EBITDA. That is the right way to expect in FY '26?

K. Natarajan: No, I'm not able to get the way that you're looking at it. But one thing that I can tell you is that it is not that the freight under over recovery impacts you by INR3 per kilo. No, that's not the case at all.

Arun Prasath: Sorry why is it because obviously the freight rates will be on a per kg basis only will be incurring, right?

K. Natarajan: Yes. But when you're saying gross margin, when you look at it, it's not only about freight. So if it does, then you have various other costs also that will be there.

Arun Prasath: Okay. Sir we already discussed that we will be passing on the raw material price within certain lag. So assuming that?

K. Natarajan: Yes, everything else remaining say, what you're saying is true.

Arun Prasath: Right. Understood. Sir, second is on the volumes front. We mentioned that Rest of the World, this is the highest volume quarter is the kind of a baseline from which we can operate because -- or this is kind of a top in terms of maximum volumes have we are completely realized by some potential from the rest of the world volumes?

K. Natarajan: No. So we are still looking at what more we can do, we are still hunting for more customers. We are trying to deepen our other the existing customers. So there's a momentum that this business has gathered and we will continue to build on the momentum. It is not that we have really has gotten and deepened our presence into those markets. There's still huge potential available and we will continue to grow there.

Arun Prasath: But sir, to maintain our 6% lower under the volume growth and given that India is kind of flat and may not recover this year and AMET continues to have its own problem. So rest of the world needs to grow at very high double digits, even to deliver 6% volume growth?

K. Natarajan: I said I will look at lower end, provided India continues to show some improvement. If India continues to be negative. Africa Middle East, I expect that it will start growing this year. And we do see that we should have clarity by the end of first quarter of this year. And I have reasons to believe that will happen. India is where we still are not seeing that because my customers also are not giving us that confidence.

So I would like India to at least start growing, okay, at a decent level, not at the earlier very high levels. Okay. And then we are able to look at the lower. Otherwise, last year with everything that we grew by about 3.5%. So even if rest of the world continues to grow at the 9% on a per annum basis. Africa, Middle East and Turkey continues to grow at 2%, 3%, but India doesn't grow at all. We'll still deliver only the 3.5%, 4%.

Arun Prasath: Yes. And typically, when the palm oil prices goes up and it stabilizes.

Moderator: Sorry to interrupt Mr. Arun your two questions are up. Can you please request you to rejoin the queue?

Arun Prasath: Sure. Thank you very much.

Moderator: Thank you so much. We have our next question from the line of Umang Shah from Banyan Tree Advisors. Please go ahead.

Umang Shah: Sir, I just wanted to ask, we have INR260 crores of CWIP in our balance sheet. What does it pertain to?

K. Natarajan: It is pertaining to projects that are going to be commissioned.

Umang Shah: Okay. And -- sorry, can you repeat? Is it specialty or performance?

K. Natarajan: Yes, I think majorly skewed towards specialties.

Umang Shah: Yes, sir. And sir, in specialty, if you could break the numbers for full year in terms of preservatives and mile surfactants. I understand these are the two big categories. Any qualitative comments on how these two categories went or if there's another big category that I'm missing out on any comments on that, that would be great?

K. Natarajan: Voluntarily both of them continue to be the major categories, mile surfactants and preservatives. But yes, we don't provide the breakup of our specialties into the individual components,

Umang Shah: Right. Sure, sir. Thank you.

Moderator: Thank you. We have our next question from the line of Gaurav Nigam from Tunga Investments. Please go ahead.

Gaurav Nigam: Good afternoon sir. Sir I have one question on the AMET business. Sir, a bit geopolitical tension between India and Turkey, just wanted to understand how we are serving that market and is there a near-term impact that you expect in that market?

K. Natarajan: See India to Turkey, our business is not significant. So I don't see any great impact on that.

Gaurav Nigam: And is it happening from outside India facilities? I mean -- just wanted to...

K. Natarajan: It will happen. It happens from Egypt.

Gaurav Nigam: Got it. Understood. Thank you.

Moderator: Thank you. We have a next question from line of Krishan Parwani from JM Financials. Please go ahead.

Krishan Parwani: Thank you for taking my questions. Two questions. First, if you look at overall volume growth over the last 6 to 7 years, it has been around 3% to 4% CAGR. Just wanted to understand how do you intend to pick the growth rate to your long-term aspiration of 6% to 8%?

K. Natarajan: Yes, correct. So first is, I think when we talked about 6% to 8% as of this thing, we are factored in India growing at a very good pace. And we are very confident that will happen. what is happening now is the blip. So that is one. So how do we ensure that we are able to continue to maintain our leadership position in India is going to be an important criteria.

Our India also has to grow at a good pace and there is a huge amount of growth potential available given that the per capita consumption, India is the lowest in terms of home and personal care products. The other thing is how we are deepening our presence. In the other markets. If you see the way that the rest of the world, we have started showing or it happened because of almost 3 to 4 years of good work that we have been doing there.

And then how do we then keep deepening our presence and enhancing our business in the other markets is going to be important for us to be delivering 6% to 8%, Even what we are doing, say with our customer outside India is also to see a so we are able to participate in markets that we're currently not able to because we don't have a manufacturing in that location.

Krishan Parwani: Understood. And secondly, just on the continuation of the question. So if you look at our split portfolio, I think the growth rate over the last 10 years is about 4%, 4.5% and over the last 6 years is about 2%. So if this kind of growth rate continues, how do we expect to increase our per ton EBITDA margin or aspired range?

K. Natarajan: Yes. So one of the things is that in specialties is a huge focus this thing for us. And we are putting in place various measures to be able, as I said, the products and the markets where we'll be clearly focusing and the go-to-market strategy is relevant each of the markets, something that we have very clearly laid a path for ourselves.

And that is something that's going to be a critical component of our growth in the coming years. So we are preparing well for that as are increase our specialty ingredient business.

Krishan Parwani: Thank you for answering my question. Wish you all the best.

Moderator: Thank you. We have our next question from the line of Abhishek Ranawad from Oaklane Capital. Please go ahead.

Abhishek Ranawad: Thank you for taking my question. I have only 1 question about the EPC project. Actually, I have joined this concall a little late. So I just wanted to ask about the EPC project, what is the size of this project and what is the execution period and what is your future plans about this particular project and the overall EPC business?

K. Natarajan: So EPC is not first clarification is EPC is not one of the business verticals that we have. It is just that to further the strategic interest of our customer because it also made a strategic fit for us. We are doing it for this customer. That's very clear. With regard to how we are going to be doing what further we could be in this strategy.

We're evaluating how it can further our strategic interest in the markets that are of interest to us and the products that are going to be made in that particular site. The third one with regard to what is the investment that, as I said earlier, you joined late, but it was asked to me earlier, that's something we are confidential to the customers. We can be disclosing what is the size of the investment that the customer is putting in.

Abhishek Ranawad: Okay. Thank you.

Moderator: Thank you. We have our next question from the line of Sudhanshu from Marcellus Investment Managers. Please go ahead.

Sudhanshu: Good afternoon sir. I will ask couple of questions. First is can you just help us with the Q4 volume growth for India?

K. Natarajan: Q4 volume growth for India was about negative 1%.

Sudhanshu: Second is in terms of our balance sheet items if we see increase in inventory and receivables, so it that the terms of trade have changed where we are offering higher credit or storing higher tonnage or is it just because the RM prices have gone up and hence optically increased.

K. Natarajan: I think Abhijit as CFO, will answer this. Abhijit?

Abhijit Damle: Yes, it is primarily on account of the higher raw material prices when we compare it with respect to the last year numbers.

Sudhanshu: All right. And one final question, if I can just ask. This year our savings is around INR200-odd crores, and our guidance is around INR150-odd crores of capex every year. So is this -- any particular project which is driving this higher figure for this particular year and this would normalize to that guided range going forward?

K. Natarajan: No, we do expect that -- see, we give this guidance because we know that the replacement capexes that we incurred plus there are certain capexes that we incur with regard to revamping our this thing with regard to making our plans a little bit more efficient and effective. So it is in that context we guide.

So as I said, we expect that any new projects, even Brownfield, this year we don't see initiating anything in a significant way because we're commissioning a lot of projects this year. There will continue to be some projects, but there will be more need-based in terms of either small improvements or require some replacement.

Sudhanshu: **A**ll right. Got it, sir. Thank you very much.

Moderator: Thank you. We have a follow-up question from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj: Thanks for the follow up. So in terms of AMET region given that the geopolitical issues and even on the currency front, have we made any changes in terms of the trade credit, which is also impacting our volumes and business over there?

K. Natarajan: We are always very clear that trade credit is something we do only after a lot of previous deals have been done with regard to the creditworthiness of the customer and the country in which the customer is based. So that is -- there's nothing that has changed. It has been something that has been there since the time we started doing business in Africa and Middle East, Turkey. So there's nothing different that's happening now, unless you are alluded to something which I'm not able to get.

Rohit Nagraj: So I would just generally given that the situation has been quite volatile over the last 2, 3 years. Have we made changes earlier in the credit period or expand?

K. Natarajan: No, we have been extremely particular CPC, that's why the last 45 years of Galaxy's existence, I think we would have hardly written off any bad debt. So we are very, very prudent in terms of trade terms that we offer to customers, we are very clear that we have to be extremely diligent in terms of lending trade terms.

Rohit Nagraj: Right. And second question is on Tri-K, any new development on that front in terms of new products or newer areas which we are targeting and probably the growth prospect so to say?

K. Natarajan: Yes. So Tri-K, I think it's getting on to more -- they just introduced three new products. Essentially, one was which is finding a lot of interest is in what you call it ever bond, which is a bonding this thing for, say, treated air. We also have something that is working in terms of higher growth, which was launched in cosmetics, Amsterdam.

So we do see a good amount of interest being generated in these products. And that's going to be a route for Tri-K to expand its offerings and build its business. So we have a good amount of interesting stuff happening there as well.

Rohit Nagraj: Thanks a lot, sir.

Moderator: Thank you. We have a follow-up question from the line of Arun Prasath from Avendus Spark. Please go ahead.

Arun Prasath: Thanks for the follow up opportunity. Sir as I was trying to understand the projects which are currently -- we have done in the last 2 years, roughly we have done around INR300 crores, INR330 crores of capex in the last 2 years. Apart from maintenance capex, is there any plan plant, which is it to commission? Can you just give those details would be helpful?

K. Natarajan: Yes. We're putting in something which is -- we had some specialty ingredients project that's getting commissioned - - will get commissioned in the first half of this year. We also have some that we have done with regard to getting our effluent treatment systems as spruced up. There's some that we have done with regard to getting our pilot plant set up a more capable of delivering more reactions that we do more technologies that we need to do to established capabilities for new products. So those also some of -- in phases are getting commissioned.

Arun Prasath: Sir, this ATP pilot plan will not give any immediate boost to our volumes, only the specialty plant will give volume booster and what is the size of this plant, sir, in terms of capex? Is it like a big plant or a very small plant?

K. Natarajan: It's a big plan, but I'm not able to give you the specifics of that because that would end up elevating too much. So I don't think we would want to say that how much is it into specialty. But it suffices to say that out of 330, a good portion will be on specialties.

Arun Prasath: All right, sir. Understood. Sir, second, on the India volumes we have seen this cycle playing out in the past as well where palm oil price goes up and then stabilizes and then the volume growth comes. So going by the current trends, probably suffice to say that currently, we are in the stabilization phase and after this, we should expect some kind of volume growth once palm oil prices stable here?

K. Natarajan: Yes, we will because India that we have a huge potential cover. If you see one of major players, global players in home and personal care segment in India has made a very clear statement in terms of how India is critical to their global strategy. And how do they see India contributing significantly to their growth in the years going ahead.

So I think we also equal that particular sentiment. It's only that we'll have to pass this space, and it always happens, this sort of situation we have even seen earlier. But yes, we need to stay watchful and ensure that we prepare well for the future to deliver the growth that certainly is going to come our way.

Arun Prasath: So what is the time period. Typically, this 3 months lag or 6 months lag or a 1-year lag the volume growth comes post the palm oil price stabilization?

K. Natarajan: Typically 6 months because what happens is that consumers see, unfortunately the quantum of decrease has been so high that it had to be passed on to the consumers. So consumers then find their ways to be able to cut back on consumption. So typically, they can manage their budget in a month by saying that this is the quantity that they will buy in that month, they manage within that.

So the usage very in a very smart way gets reduced. But then once the prices start getting reduced for the consumers to again become a little bit more care free in terms of using it more per use or more usages per week, okay, could take easily because the sentiments have improved. So if you take about -- we have seen earlier 6 months to 1 year.

Arun Prasath: And this is in respect of the price differential between the petrobras and oleo-based products?

K. Natarajan: Yes, because petro, finally, there is an equilibrium that is always reach. But then Petrobras, we also know that petrobras products have the own challenges in terms of formulation being very effective. Because consumers once they spot that there is a difference in the way that the formulation is performing, then there can be a significant impact for the brands.

So essentially, they are very, very careful about and because given a choice, I can say that they would always want to go back to oleo chemicals based feedstocks. But all of them have been talking about their carbon footprint, they've been talking about moving away from petro feedstocks.

So I would say that this all will be getting to using some Petro feedstocks a little bit higher into the formulation may be a temporary thing that they will have to do from the point of view of managing their profitability, but that's not something we would want to do as part of the long-term strategy.

Arun Prasath: All right. Thank you sir. Thanks for answering al the questions. All the best.

Moderator: Thank you. We have a follow-up question from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: Thanks for taking my question. I have got one question on the bio-based or an enzyme-based surfactants, are we thinking on that direction to move up in the value chain, add new line of product?

K. Natarajan: Yes. So we are on to biosurfactants. That's something that we have worked on. We also have a product that's already into the pilot stage. Silicon, how do we -- then we'll probably be launching that once we complete all our application studies. So that is in your part of our innovation in terms of getting into the newest surfactants.

But we also know that the application of this is into niche products where they also come with a good amount of costing formulation increase. But then we need to be very clear that there is going to be starting to be low volume, high-margin products, but we need to find ways to see as how we are able to get it into more brands. So that's what we're working on.

Sanjesh Jain: Got it. The last question is on the liquid detergents and which we saw a good uptick in the last 2 years, which was driving a good growth for us in India. Because of the high cost of raw material, are we still -- are we seeing the penetration of liquid detergents being less than what we have aspired to in FY '25?

K. Natarajan: No, I think the momentum for liquid fabric detergent has been pretty good because we see more brands getting launched. And there is a perceptible shift that is happening in the consumer preference of liquid at least in the urban areas based on the commentaries that most of our customers will be tracked. Their quarterly results, I think they have all been pretty gaga about liquid fabric wash continuing its momentum in terms of growth.

Sanjesh Jain: And despite that India product is not, I thought this transition itself was very big for us?

K. Natarajan: So what happens is there is that this transition, you're talking about the fabric wash market is close to 15 -- you're talking about 15 to 20 lakh tons. Out of that liquid is today, probably it can be about 100,000 tons. So in terms of growth rate is very impressive, but it's not enough to be looking at taking us.

So that will take time. It will go -- it will happen faster. But then it's not going to happen in next 2 to 3 years because we also know that it's a very superior performing formulation, liquid fabric part. But per wash cost is high.

Sanjesh Jain: Got it. It's very clear. Thanks for answering all those questions.

Moderator: Thank you. We have a last question from the line of Aditya Khetan from SMIFS Institutional Equities.

Aditya Khetan: Thank you sir for the follow up. Sir, my question is on to the U.S. and the EU side. Are there any new ingredients or formulations we are planning to launch like we have launched a new product of Galseer DermaGreen. How many new products are there in the pipeline targeting the international markets? And sir, if there is any sort of a market size, which we can give for this product of Galseer DermaGreen and what is the feedback from the customers and how is the acceptance?

K. Natarajan: See, Galseer DermaGreen essentially is so well received from our customers. There's a huge amount of projects in pipeline that is getting created. There a lot of -- we continue to do a lot of efficacy studies into various end-use requirements. Similarly, we just launched -- we just did a certain base of a product called Galguard Prebiotive that won an award as I told during my opening remarks, in the cosmetics Amsterdam exhibition.

So yes, so these two and we'll not be able to tell you the size typically because it all depends on specific customers, it's not that we are trying to replace some huge -- it's not an alternate supply chain that they're coming up with. It's a use for coming up with superior formulations. So it can only be based on the sort of projects in pipeline value that we keep generating with customers.

Aditya Khetan: Okay. And sir, any feedback like from the customer side whether this product has been well accepted into the international markets and how is the traction?

K. Natarajan: Yes. So maybe look at it is that first is when the customers are interested, they ask for a small sample, then we find that they ask for bigger samples. So we find that there are good amount of customers who are asking for a bigger quantity of samples. That tells us that they want to do more studies in terms of formulating it and then seeing as to which applications they want to be launching, which brands they want to be incorporating. So that way we are able to Galguard that it has generated a significant amount of interest.

Aditya Khetan: Okay. And sir, is it possible, at least we can share what could be the penetration rate or we are still in the very early stages?

K. Natarajan: We don't want to do that. So probably once this really gets into a situation where I have at least 10 customers who have got it into their brands, and it is going in regularly on a commercial scale, then yes, we may be able to give you some idea about what can be the sort of size of this -- the white space for this product.

Aditya Khetan: And sir, how many products are we planning to launch in the next 2 years?

K. Natarajan: See, typically, we do about one or two products between us and, say, Tri-K put together two, three like this year, we launched two. So that's what we'll do. The more this thing is because each product we launch, it takes almost 3 to 5 years for it to blossom fully. So we don't want to spread ourselves too thin. So we do have products that are there in the pipeline to launch, but we launched them in a very calibrated manner.

Aditya Khetan: Got it. Thank you, sir.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today. And I now hand the conference over to the management for closing comments.

K. Natarajan: Yes. Thank you. Thank you all for the continued support and trust that you have placed in us and we look forward to sharing more updates and probably in the coming quarters, I look forward to meeting you sometime middle of August, okay, to share our Q1 FY '25, '26 results. Wishing you all a great day. Thank you so much.

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.