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Subject: Transcript of concall for Q2 & H1 of FY 2025-26

Ref.: Regulation 46(2)(a) 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 Q2 & H1 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 Q2 H1 FY '26 Earnings Conference Call”

November 13, 2025

This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13th November 2025 will prevail.”



MANAGEMENT: MR. K. NATARAJAN – MANAGING DIRECTOR
MR. VAIJANATH KULKARNI – EXECUTIVE DIRECTOR & COO
MR. ABHIJIT DAMLE - CFO
SGA- INVESTOR RELATIONS

Moderator:

Ladies and gentlemen, good day, and welcome to the Galaxy Surfactants Limited Q2 H1 FY '26 Earnings Conference Call. As a reminder, all the 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.

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 guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. K. Natarajan. Please go ahead.

K. Natarajan:

Hi. Good morning. This is K. Natarajan here. Good morning, ladies and gentlemen. Thank you all for joining our second quarter earnings call of the financial year '25-'26. If Q1 was about resilience laced with optimism, Q2 has been about navigating short-term turbulence while keeping sight of long-term opportunities.

In our conference call for the first quarter FY 2026, we had highlighted three key attributes which have influenced our business in FY 2026. Number one, the risk of US tariffs and uncertainty surrounding it, which we then felt could be inflationary and have an adverse impact on demand. The fatty alcohol prices, which remained elevated.

The India growth story, with respect to which we were cautiously optimistic. Before we get into the numbers and details for this quarter, it is very important to understand the context and appreciate what has played out in Q2 of this year.

Starting with the imposition of tariffs by the US government on exports from India, this had an adverse impact on our business. One needs to understand that additional 50% tariffs not only had adverse impact on our existing businesses where the tariff is applicable but also had a continuing effect on our projects in the pipeline.

During the last conference call, which we did sometime in the middle of August, we had very clearly in a situation of assessing the impact, since the tariffs were announced on August 1st, and we were looking at how do we try to minimize the impact in the short-term by shipping certain material much before the tariffs kick in.

And we also said that we'll be preparing, to see which of the products we can service the demand from our Egypt plant. We have made good progress, but we are still in the process of ensuring that all the customer approvals are available.

As regards to India, while we welcome the rationalization of GST rates and believe this is structurally a positive move, temporary headwinds on account of inventory adjustments impacted this quarter adversely. The effects of the same continued even during the festive season.

Lastly, the elevated fatty alcohol prices have now started hurting the business in a significant way. While the risk of reformulation is always there, the significant spread between fatty alcohol price and crude petroleum has never been so high for so long over the past three decades. Unfortunately, this has played out in this quarter, adversely impacting our volumes in India.

We'll be dwelling on each of these areas region-wise subsequently at length, but understanding the business context will be the key in understanding the performance that we have delivered. This is one of the rare quarters where perhaps all the risks that we had envisaged have played out and continue to do so even into Q3.

Moving on now to the numbers, consolidated volumes for the quarter remained flat year-on-year and quarter-on-quarter, while Performance Surfactants registered a high-single-digit decline, mass specialties despite tariff uncertainty, clocked double-digit volume growth driven by non-US geographies.

H1 FY'26 consolidated revenues grew 2% year-on-year, driven by the double-digit growth for Specialty Care products and flat performance by Performance Surfactants. Our EBITDA declined by 5% year-on-year at INR 251 crores vis-a-vis INR265 crores in H1 FY '25 and consequently, H1 FY '26 EBITDA per metric ton stood at INR18,700 per metric ton approximately.

Moving on to the regions. India, our domestic growth engine, encountered a distinct set of challenges this quarter. The recent GST rate reduction on FMCG products, while a welcome structural reform, prompted inventory adjustments by several large FMCG players. This recalibration led to softer uptake and subdued volumes for the quarter.

Additionally, persistent high feedstock prices have accelerated the shift towards reformulation within the performance segment, further impacting our Tier 1 category volumes. Despite these headwinds, non-Tier 1 customer volumes grew robustly to compensate the Tier 1 volume decline, resulting in overall flat volume performance for India on both year-on-year and quarter-on-quarter basis.

While the short-term disruption came as a surprise given that nobody was anticipating rationalization of GST rates, we remain confident of a gradual but steady recovery once the adjustments get done with. We're seeing the first signs of the same in November and basis the discussions with our large customers, we do expect the same to continue.

As far as the risk of reformulation is concerned, your company has undertaken the required capacity readjustments and developed the alternate surfactants commercial capability. We expect the requisite approvals to come in this quarter and business to commercialize from Q4 FY '26.

With both these steps, we believe we should see steady improvement in India numbers starting from Q4 '26. One important point that I'd also like to share with you is that the fact that while the reformulation of GST-based adjustments adversely impacted our India volumes by single digits, we ended H1 and this quarter flat due to market share gains registered in this quarter with

our non-Tier 1 accounts in India and globally. This has been a major positive for us.

I now move on to our AMET region. The AMET region recorded a modest single-digit volume decline quarter-on-quarter and a high-single-digit decline on a year-on-year basis. This was primarily driven by continued market share erosion in Egypt by the Tier 1 segment due to intensified competition from aggressive local players who are backward integrated.

On a more positive note, Türkiye delivered strong double-digit volume growth, , on both quarter-on-quarter and year-on-year basis, helping to partially offset the slower-than-expected recovery in Egypt and other AMET markets. To address these challenges, our teams are actively engaging with customers to mitigate headwinds, restore market momentum and reinforce strategic partnerships across the region.

Now coming to the rest of the world. Rest of the world region delivered a mixed performance this quarter. Latin America and Asia Pacific maintained their strong growth trajectory with posting double-digit year-on-year gains fuelled by robust demand across both Performance and Specialty Products segments.

In contrast, North America saw a decline primarily due to reciprocal tariffs and impacted demand and reciprocal tariff that impacted demand and margins in the Specialty Care segment. While within this, the segment of Specialty Products was particularly affected.

However, the Super Specialty prestige segment led by TRI-K continued to perform well, helping us to sustain momentum and partially offsetting the margin pressure. Despite these regional variances, we remain focused on capitalizing on growth opportunities in high-performing markets while proactively addressing the challenges in impacted geographies.

Coming to the supply side, there were a few encouraging developments alongside persistent challenges. Freight costs eased compared to previous quarters, offering some relief. However, shipment delays continue due to ongoing port congestion and blank sailings.

Raw material availability showed signs of improvement, yet pricing pressure remains, particularly in the oleochemical segment. Despite the harvest season, lower-than-expected palm kernel oil production has kept feedstock prices elevated, and this trend is expected to continue and persist into October and November as well.

Before we close this call, I'd like to take this opportunity to share the adverse cumulative impact on our EBITDA due to the reciprocal tariffs imposed by the US government. For the full year, we do see that certain businesses have been put on hold as well as certain projects in the pipeline, which are expected to fructify this year, have now been delayed.

Cumulatively, the impact for the whole year was in the range of 3% to 5% of our FY '25 EBITDA. We are assessing the impact as to - what would be the implication due to the inflationary effects of tariffs on consumer demand. We are in touch with our customers or they are going slow in terms of commercializing the projects in the pipeline because they too are wary of the impact that inflation would have on their demand. So essentially, all of them are going

slow in terms of building the inventory in the pipeline.

To conclude, while volumes remain stable, the near-term outlook appears muted, reflecting global business challenges and margin pressures across both segments. Despite these headwinds, our core fundamentals remain strong. Structurally, we still believe and are confident that despite these headwinds, the consumption story remains intact.

Growth will never be linear, but always exponential and to prepare for the same as we navigate through the trouble waters, steering our ship, sharpening our strategic focus, implementing targeted tactical adjustments, enhancing operational agility and strengthening our portfolio to ensure resilience and sustain relevance in the market will be the key.

Yes, it has not been easy, but we believe that after eight quarters of flattish performance due to multiple global headwinds, we as a team are fully prepared to take these challenges head on and are extremely positive in terms of achieving our strategic vision.

Thank you for the continued trust. I now open the floor for questions. Thank you.

Moderator: The first question comes from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: I got a few questions and thanks for taking them. In India, there is an issue on the demand side and there is an issue on the reformulation side.

K. Natarajan: Correct.

Sanjesh Jain: Now on the reformulation side, can you help us understand what could be the potential impact that would have cost on our performance volume? Or what percentage of the customers' requirement of LA has moved to something else? Is it material?

Have they reached high single digits in terms of reformulation? Where are we in this cycle? And do you think this is more structural or it is not ? Because we have never heard reformulation in the past now. It appears more structural in nature. Would that be a fair assumption?

K. Natarajan: Yes, I'll first answer the second question first. So, we don't see this as anything structural because in my last 32 years in this business, this is probably the fifth time that we are going through the situation, elevated fatty alcohol prices, people looking at reformulation. So even when we speak to our customers, they're very clear that this is not something they would like to do structural because you're trying to put a petrochemical ingredient in your personal care formulation.

So this is more in terms of the demand environment for all our customers not being so healthy in India, coupled with the inflationary impact, they're all trying to see how they are able to manage the short-term. And that's why we're very clear that this is not structural.

With regard to the impact, if you see most of the reformulations really started gaining pace, say, probably from August of this year. And probably, I think we see that in India, we could have done in the quarter, about 3,000 to 4,000 tons higher volume if this reformulation had not happened.

Sanjesh Jain: And on the demand starting in the Q3 and Q4, do you think that the GST thing is largely behind? And from the reformulation, we should be starting if a new product should help us. What should we look at, say, Q3 and Q4 in terms of the India growth rate?

K. Natarajan: See, with regard to Q3, the way I see it is that I'm looking at in a positive side, it being almost similar to what Q3 would be because all our customers, in fact, even if I see their commentary, all of them are saying that even into October and the festive season got impacted because of the GST.

So essentially, this festive season demand is something that has created more demand in the pipeline in addition to relabelling and all those issues that they have. So when we speak to customers, all of them are indicating that things should start looking up from Q1.

There's also the added issue, which all of them are sharing with us in terms of very severe and external winter, and that does have impact in terms of volumes of your FMCG products. So we are in dialogue with customers. But as of now, we do see that the pain continued even into October. So I'd be very happy if we are able to end our numbers on similar lines as Q2,

Sanjesh Jain: Clearly, so the recovery doesn't look like -- Q3 certainly looks like it should be a bad quarter again, probably hopeful from Q4 and Q1?

K. Natarajan: Yes, correct.

Sanjesh Jain: And in the AMET side, we are already 30% lower in terms of our annual volumes from the peak, which was, say, four, five years back, and we still continue to decline high-single-digit. So is there any base there in terms of how much we can go down? I thought now the base will catch up and the growth should come back. So what is really happening in Egypt there?

K. Natarajan: See, what is happening is that if you look at all these markets, essentially, Africa and Middle East, Turkey is majorly led a home care market in terms of end-use applications that we cater to, personal care does we cater to. But if you see in AMET market, there's a significant part that we are participating.

Now these high prices of feedstock, mainly fatty alcohol is also prompting some of them to be looking at whether they reduce the active ingredient in the formulation, whether they can add a little bit more of a petrochemical ingredient into the formulation. So this is something also that is happening because all of them are because in Africa, Middle East, Türkiye, all of them are still continuing to ravage by inflation and all of them looking at various ways to be keeping cost under control.

And the reformulation is something that is being done there as well. That is the only reason why we see that this has been a quarter where we have had a degrowth. Otherwise, there essentially, this has bottomed out in terms of it not going further down from here from a demand side. But the high fatty alcohol prices is prompting people to look at certain reformulations even in the Africa, Middle East, Türkiye market.

- Sanjesh Jain:** But in AMET, I thought we were already engaged in LABSA products, right? It was India that we didn't manufacture.
- K. Natarajan:** No, in India so, there are two, three things. One is we are making certain petrochemical base. We make LABSA there. But then even in LABSA, the major issue when I say reformulation in AMET, it is in terms of reducing the active component. So it is not about replacing, because they anyhow are even if they replace oleochemical with a petrochemical ingredient, okay?
- Because even if you look at, it's a combination, you have oleochemical and petrochemical ingredient. So if there is a cost inflation there, they'd like to look at reducing active content. So if they reduce active content, say from 10% to 9%, talk about a 10% degrowth in terms of our volumes. That's the way it is.
- Sanjesh Jain:** We are already down 30% at present from the peak?
- K. Natarajan:** Yes, correct. That was essentially which we said was due to the loss of share by all our Tier 1 accounts in the market to the local integrated players. So that is what has caused that particular demand, which obviously demand has gone out of our basket.
- Sanjesh Jain:** Got it. Got it. Then one on the RoW.
- Moderator:** The next question comes from the line of Arun from Avendus Spark. Please go ahead.
- Arun:** My first question, so we seem to be increasing our volume contribution from rest of the world. But at the same time, our gross margin per kg has also sequentially dropped. Typically, our rest of the world volumes comprises of more premium and masstige products. So what is the reason for this dichotomy?
- K. Natarajan:** What you're saying is that with the Specialty growth happening, the cost contribution per metric ton is down. Is that what is the question?
- Arun:** Yes, sir.
- K. Natarajan:** So what is also important is that it's a question of the composition, okay? So if you look at, say, in the rest of the world, we also have a combination of Performance Surfactants and Specialty. Okay. So that's what if you see when I told in my speech that the Tier 1 impact due to reformulation that has happened majorly in India, we have recouped our Tier 2, Tier 3 customers by being aggressive with them in terms of our getting higher share of their business.
- It's also that we have moved in LatAm and APAC in terms of saying how do we bridge the gap in terms of the mitigating the impact of the Performance Surfactants as well. So Specialty, if you see rest of the world is not entirely driven. In fact, the growth that has happened even in this quarter, we have had performance also contributing to the volume growth.
- Arun:** Okay. So what I understand is the offset coming from the India impact is not completely offset by the rest of the world volume growth?

- K. Natarajan:** Yes, yes, correct. So it is not enough to be offset in the full volume, okay? Because that's something that will happen in the month because it's not that you can adjust immediately. So we are working on that. And we should see things getting in place in the coming months.
- Arun:** But we have fairly good visibility. Would you like to update your guidance on both EBITDA per kg and volume growth?
- K. Natarajan:** I said in the last call also that we don't want to be giving any guidance. Although I said I don't want to be changing the long-term that we have talked about 6% to 8% growth in this because in the current one, I don't want to be either revising or stating any guidance. But I would say that I can probably look at Q3, I don't want to be assigning any guess for Q4, because things are still pretty volatile in terms of the external situation. Because there can be some tailwinds in case there's a deal that US reaches that can have a good impact for us in Q4, okay.
- There is a possibility that fatty alcohol prices can correct. The GST impact can be better for us in Q4. So I don't want to be assigning any guess there because I do see Q4 we can have a lot of positives. But if I look at Q3, I would like to restrict my listing to Q3. As I even responded earlier to Sanjesh, I think I'd be happy if I end Q3 on the same lines as Q2. And I should be in a better position to talk about the full year when I'm going to be into the call for Q3.
- Arun:** Sir, earlier, you've said we have seen high instances of where the reformulation happened in the past. This is the fifth one. Typically, what is the duration for the reversal to happen in the past? And should we expect similar time line this time also?
- K. Natarajan:** Yes. So, the reversal typically, what I've seen is that those reversals happen probably in about 12 to 15 months. That's what we have seen earlier after the reformulation has happened. But obviously, the reformulations start happening after the oleochemical prices start correcting and the customers do see that it is going to sustain.
- And based on the last five experience that I've had, it's been anywhere from 12 to 15 months. And the first indication...
- K. Natarajan:** So this will be a function of how the vegetable oil -- the palm kernel oil prices start coming down. So there are some indications of it coming down in the last two weeks, okay, but we need to wait and watch.
- Arun:** Understood. Understood. Sir, my second question is on tariffs, US tariffs you mentioned. You also elaborated on the impact we had. So my worry is that after a prolonged period of Galaxy not supplying volumes to the US customers and US customers getting used to the other suppliers, do you see the risk of us permanently losing some of this business even if the, say, tariffs reverse back?
- K. Natarajan:** In fact the first question is when we talk to our customers they are not happy with this tariff coming in because you know that every customer would want to have a diversified vendor base and also more dependable vendors. So they are not in a good situation where they are looking at the earliest opportunity where they can get back to business with us, okay? This tariff of 50% is

only making it very difficult.

So even as we are talking about this, we also need to know, as I even explained last time, and I did allude to that during in the speech of mine is that there are some products that we're looking at how we can shift that to Egypt.

So we are working with customers on approvals. We have already started some of it being shifted there. There's some of it where we are looking at how are we able to create some ways of engaging with customers to see as to how we are able to participate despite this particular headwinds.

We are trying to accelerate or gain momentum in certain projects in pipeline because all customers when they started, they obviously had a local source, but they were looking at how do they diversify their vendor base with someone like Galaxy, where we have a local supply chain and they also have a good experience in terms of relations that we have with them. So it's not that when tariffs do alter things will be extremely positive for us that we are very clear. And customers aren't happy getting only being with few vendors locally.

Arun: Understood, sir. All right.

K. Natarajan: And the other thing we also said, other thing also in terms of countering this, we are not going aggressive in terms of Specialty Ingredients business, how we're going to quickly convert and build pipelines in Latin America, APAC and Europe.

And we are seeing good amount of momentum that's gathering in terms of building more projects in pipeline. So we have started diverting resources in terms of aggressively building projects in pipeline in the other geographies, that is Europe, LatAm and Asia Pacific. So that's another way to ensure that we stay prepared in case there is some time by the time customers come back in US.

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

Aditya Khetan: Sir, just wanted to reconfirm this reformulation has led to loss of volumes in Tier 1, but our aggressive marketing strategies in Tier 2 and Tier 3 has somewhat recouped the volume, but complete volume hasn't been recovered -- so which is the reason for the volume loss. Is it correct, sir?

K. Natarajan: That's correct.

Aditya Khetan: Okay. Sir, this reformulation, like how difficult is it for any other competitor other than Galaxy to just supply in time. And even for Galaxy like because we have the largest capacity. So how difficult it would be for any other player or competitor to reformulate and give the supply time to the customer?

K. Natarajan: See, the issue is different here. So we are actually the largest player of surfactants derived from

the oleochemical source. We are never into surfactants in India from the petrochemical source. So when people are replacing the oleochemical surfactants with petrochemical surfactants, we didn't have that. We didn't have it because that's not a market we want to build our capabilities on.

So people who are essentially focused only on petrochemical surfactants obviously had an advantage in the reformulation aspect. So we are now working and getting ready by this quarter end in terms of our commercial capability on the alternate surfactant which is petrochemical-based. So that is what it is. So when the reformulation happened, our loss was an opportunity for our competition, who are essentially majorly into petrochemical based surfactants.

Aditya Khetan:

Okay. Sir, on the raw material side, since the raw material price, I think, sir, they started raw material prices going up in Q2 of the last financial year. And currently also like it is going one way up only. Any particular reason why the RM prices are so steep? Like we have said earlier that RM prices will go down, but it doesn't seem any.

K. Natarajan:

So there is essentially, it's because I think the lower yield that has happened in Malaysia and Indonesia is what is impacting. But then there is also a situation in terms of certain positions the market takes. So we now need to wait because the underlying demand, really world over, the way we see it is not really keeping pace, whether you look at Europe or you look at US.

With all this coming in, obviously, the demand side is what is now going to be because in agricultural commodities, this major thing is driven by what happens on the supply side. The supply side has not been too this thing. It has not been supportive in terms of bring the prices down. But we do see, as we move forward in terms of all these headwinds on the demand side, that the demand side will start bringing the required corrections, but we need to wait and watch.

Aditya Khetan:

Sir, just last two questions. Sir, first on to our EBITDA trend, like I think, sir, we are standing again at a low. How do you see like this could be the bottom, and despite some lower RM prices to support EBITDA? First question on this. And second, sir, like, how are we looking at the growth, I think because of muted demand. How are you recalibrating the growth for FY '26 and FY '27?

K. Natarajan:

First of all, that's what I said when I had to answer that to the earlier question, okay. I was very clear that I am restricting this thing to Q3 where I said I would look at Q3 ending the same as Q2. So, I don't want to be hazarding any guess on Q4. Suffice to say that Q4 should present us some positives, but it's too early to comment on that. I don't want to hazard any guess.

So that's what is something that I would like to mention here with regard to Q3. I don't want to look at full year, this year and next year. I think further, we need to wait for at least 3, 3 more months when we meet again.

Aditya Khetan:

Outlook on spreads also, sir, that would be similar, like we would be waiting for something.

K. Natarajan:

Yes, yes. We need to wait because I think there are too many moving parts now. So things have to settle down. So that's why I don't want to give any this thing, which I really do not have today.

I want to be as transparent as I can be, but that's based on what information I have as of today. So I don't want to other any guess. Suffice to say that Q4 should give us some positive tailwinds, but I need to wait for that.

Moderator: The next question comes from the line of Rohit Nagraj from 360 ONE Capital. Please go ahead.

Rohit Nagraj: Sir, first question is on Egypt. So, we've seen that in the last 2 years, AMET has been grappling with some or the other challenges. And despite having our own facility in locally in Egypt, we have again said that during this quarter, there has been intensified local competition. So, what is the strategy that we are looking at from a volume growth perspective in Egypt and for the entire AMET region incrementally?

K. Natarajan: So first of all, that's what, you know, one is we need to look at Africa and the Middle East, Türkiye as a market. And one is Egypt as an entity, our Galaxy Chemicals Egypt. So, the first thing that needs to be understood is as an entity, Galaxy in Egypt is doing very well in terms of its product portfolio. So actually, it's been a great move for us in terms of going into Egypt, okay? And we continue to stay positive and remain focused on how to start enhancing our capabilities in our Egypt entity.

Now coming to the market, that is the region of Africa and the Middle East, Türkiye, we do see that most of the economies are ravaged by inflation. And this is something that we have seen that as things get better for one year and it also with all the geopolitical tensions and everything, you have two to three years of a very muted situation.

So the way that we are working on is how we are going to be looking at the markets, other than in the rest of the world, look at how do we enhance things in Latin America, in the Asia Pacific. And for Egypt entity, Latin America is a very good market because in terms of your logistics and supply chain capabilities, I think that's the best place. So that is how we are working.

And as we are looking at how to enhance business in some of the countries because we have to be careful in terms of the volatile situation that happens in terms of demand. So you cannot be basing all your, this thing in terms of the way things would happen in Africa and Middle East.

So it's a two-pronged approach as we continue to remain focused and look at how do we can enhance our presence in the geographies to the extent that we can within Africa and Middle East, Türkiye, okay, given all the constraints.

We're looking at how do we use our relationship and our presence in other parts of rest of the world to be enhancing our volumes there. And you'll see that, that actually has shown results even in the last quarter in terms of Latin America and APAC really doing well.

Rohit Nagraj: Yes. Thanks. Sir, second question is on the EPC contract. So is there any possibility of recognizing any fees during FY '25? And when will we be able to recognise the entire fee maybe through...

K. Natarajan: My group CFO, Abhijit will answer this. I think he is better positioned to answer. Yes, Abhijit.

- Abhijit Damle:** So the project is progressing well as we have currently. But again, as this is a sort of a construction type of a project, we'll be only able to recognize revenue based on certain basic minimum completion of the project percentage. So currently, we'll not be able to give any number as to what we'll be able to recognize towards the year-end, but it will be sufficient to say now that it's progressing well and as per the time line.
- Rohit Nagraj:** So just a clarification, the entire recognition will happen maybe in the next 2 years' time?
- Abhijit Damle:** Yes, it's more than a year project. So it will be spread over a period of more than a year.
- Rohit Nagraj:** Sure. And just one clarification. I probably missed the number of EBITDA per metric ton during this quarter. And any specific reason for omitting it from our press release or presentation? Thank you.
- Rohit Nagraj:** EBITDA per ton for Q2.
- K. Natarajan:** EBITDA for the quarter was INR17,300 per metric ton.
- Moderator:** The next question comes from the line of Keyur Pandya from ICICI Prudential Life Insurance. Please go ahead.
- Keyur Pandya:** Hi, team. Sir, first question is on the just volume discussion you are having. So keeping aside the reformulation part, overall industry growth point of view, are you seeing demand recovery for, say, India volumes considering the entire industry, both Tier 1, Tier 2, Tier 3, all the clients? So at the industry level, is demand reviving?
- And second, on the rest of the world and possible slowdown as you're talking about because of the tariffs and high base for us for the last couple of years in rest of the world. As a direction, should we see lowering of the volume growth in rest of the world? So basically, industry trend for both India and rest of the world, let say, in next two, three quarters?
- K. Natarajan:** First of all, India, this I have to answer in two parts because the market growth rate is relevant as far as India is concerned because we obviously have a significant share. So in India, I read all my customer con call and their investor presentations, all of them have talked about the GST being impacting their results.
- In fact, a few of our big customers even gave interim guidance saying that it will be lower and the impact. And they all said they expect the pain to continue into October. But they also added saying that since it is structurally good, we do see that this really helping demand get reactivated. And obviously, I do see that, that should start happening from Q4 of this year, because anyhow they are all saying that Q3 is going to be a problem because we missed the festive demand. And second is they do see an extended and a more severe winter.
- Now, that answers. So now we'll have to wait. That's what I said we need to wait for Q4 to understand whether in India, the industry demand growth rate is picking up. If you look at it for the last 6 months, all of them have reported either flat or most of them have reported close to 1%

or 2% underlying volume growth.

Now I come back to the rest of the world. So rest of the world, what the market growth is it don't bother us because it's not that we don't have a very high share there. So it's all about how we hunt for new customers and farm more share with our existing customers. So that is what is happening, and that's what showed results in Q2, and we don't see any reason why I can't do that.

Even suppose you have structurally the market there doesn't grow as well as it's supposed to. That is not something that will be a concern for us, okay? Because we'll be able to start progressing certain development is only that the customers' outlook has to be positive on Specialty Chemicals because they would start looking at approvals. But on Performance Surfactants, we don't see there's an issue because we are not having any great share in those markets.

Keyur Pandya:

Okay. Fair enough. Sir, second question, either specifically to, say, oleochemical-based surfactant players globally or basically, whosoever are your large competitors globally. Any, say, financial challenge because of such prolonged slowdown? So any supply cut possible or financial deterioration in health of any of your peers? That is first point, which either leads to lower supply or which either provides us opportunity to acquire or to have some kind of inorganic opportunity?

K. Natarajan:

Yes. So essentially, I can say, will only happen if structurally, things are going to be different, and it's going to be a continued situation. But I don't see that being a structural situation now. So I think all my peers would have the ability to go through with this short-term situation. But it's a different story. Structurally, it remains to be so. But I think, as I said, we need to wait at least for the next 1 year to be able to understand this implication.

Keyur Pandya:

Understood. And sir, just last question based on your analyst meet where you mentioned a diversification into personal care or skin-related products. So any update on or progress on, say, organic or inorganic opportunities that we have? So you may not have finalized but any progress either organically or inorganically if you have shortlisted some more health-related products?

K. Natarajan:

Organically, the recent in-cosmetics in Bangkok, we launched five products, all in the Sun Care range, the latest second-generation sunscreen molecules. So which was essentially in November 1st week. So that is as recent as now. Also with regard to what we said on the Beauty segment, we said we'll be on more on the live on skin formulations.

So we have had a good range of products also that we have launched on that front. And I'm happy to share that a very healthy pipeline, projects in pipeline is being built across, say, APAC, Europe and US in terms of these molecules.

When we launched the Sun Care ingredients, five of them in Bangkok, I think we received a very fantastic response from all our customers. And I think we are seeing that, that essentially is going to be taking off well. I can have a much better view on that in the next quarter when we talk.

And with regard to the inorganic, yes, so we are obviously on the call, but there's nothing that we are currently working on. We know what needs to be done. But that's something that we are reviewing, but it's not something that we have anything on hand where we're going to conclude something.

Moderator: The next question comes from the line of Umang Shah from Banyan Tree Advisors. Please go ahead.

Umang Shah: Sir, first question was that you mentioned that we have gained some market share in India. From what our understanding was, we already had a very high market share. So, can you help us understand in which segment or in which verticals were we able to gain this market share?

K. Natarajan: I think I need to correct you. What I said was we gained a larger share of our business with Tier 2 and Tier 3 customers. Because in Tier 1, we did get impacted by the reformulation. So that's what I said, but that, to a large extent, mitigates but not fully the sort of volume impact. So it is not an overall market share.

Umang Shah: Okay. Got it. And sir, second question was now that there are these tariff headwinds and globalization itself is under consideration, are we looking to expand capacity in TRI-K and the revenues there have not grown as much as the other entities? So what is the plan there?

K. Natarajan: Yes. So obviously, we are looking at how do we respond to this because on the tariff side to take an investment decision, you need to have clarity in terms of how sustainable those tariffs will be. And we also have to work out in terms of how the demand is going to get impacted already, there are some murmurs in terms of inflation wearing its head in the US So we'll have to wait.

So, as we are preparing our plans on the drawing board to be ready, okay? And we are also very clear that we need to set up capacity that can be cost competitive. Okay. Because we know that the US as an economy when we set up any investment, it's going to have its own cost implication.

So we are reviewing all that, and we are getting ready on the drawing board. But right now, we are not looking at moving on that. Once everything falls in place, we have the balance sheet to move on that quickly. So that's not an issue.

Moderator: The next question comes from the line of Divyansh Gupta from Latent Advisors PMS. Please go ahead.

Divyansh Gupta: Just one question with respect to your opening comments where you said in, let's say, US because of tariffs, there is a project delay and product approval delay. Is it specific only to Galaxy and 50% tariffs in India or is it in general? Because if it is general, even if the tariffs go back, then the challenge of customer demand in US or inflation will remain. So just wanted to get a sense on that.

K. Natarajan: So if you ask me, just to underscore what I'm trying to communicate. If one of the biggest players and our customers in the US market has very clearly talked about the US being a cost of concern for them and they're looking at China as their way to be able to compensate that. So that tells

you currently what people are seeing in the market.

So I have every reason to believe that it's not only specific to us. It's everyone who has got an impact because of tariff. Because there is a tariff even in local players. But then from India, the impact is much higher because we are at 50%. Whereas every person even for the feedstocks, the local players have to bear a tariff. So the delta between the tariff implication is what is?

And let's say, and other thing is, the reason is all of them are reviewing the supply chain. So when someone is in the process of reviewing all my customers are reviewing the supply chain, what is coming from where, what we need to do, how can I make it sustainable, how do I manage the short-term, what should be my plan for the medium-term.

So when all this is happening, okay, their ability to focus on the currently building projects that we are working with them. It's not that they have shelved it, okay, they're saying that we need some time. That is where the impact has happened.

Moderator: The next question comes from the line of Umang Shah from Banyan Tree Advisors. Please go ahead.

Umang Shah: Just to understand, when we are looking at Specialty Surfactants, we had various types in that, right from mild surfactants to other segments also. Would you like to call out any segment that has had either a disproportionate benefit or a disadvantage while we are going through this?

K. Natarajan: On the tariff side?

Umang Shah: Yes, yes, both tariffs and overall slowdown.

K. Natarajan: Yes, see it is product-wise. I may not want to get into the specifics because we are also working on finding solutions in terms of reaching the supply chain for some of the products in Egypt. So for the sake of conventionality, I don't want to mention in specific. okay?

But it's suffice to say that we're looking at how a good portion of this impact, if it continues, the tariff can be managed through our re-jigging supplies win to my Egypt facility, okay. And we're also looking at if these tariffs are going to be sustainable, how do we look at building certain capacities in Egypt. But as of now, we would not be able to discuss in specifics on the product categories.

Umang Shah: Not a problem. And second question was our CWIP is around INR260 crores as of FY '25. Can you help us understand where this new capacity be put in?

K. Natarajan: Yes. Most of them will be in India, some of it in Egypt, but most of it will be in India in terms of what projects we initiated 1.5 years back, okay. Are they coming to fruition? So those are all what was there in the capex, capital work in progress.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to management for closing comments.



Galaxy Surfactants Limited
November 13, 2025

K. Natarajan:

Thank you, ladies and gentlemen, for your interest in our organization and being patiently listening to us and posing certain very crisp and very insightful questions. Thank you so much. Look forward to being with all of you again three months from now. Thank you, and all the best. Have a good day.

Moderator:

Thank you. This brings the conference call to an end. On behalf of Galaxy Surfactants Limited, we thank you all for joining us. You may now disconnect your lines. Thank you.