GALAXY
Chemistry Creates Care

August 20, 2026

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

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

Dear Sir/Madam,

Pursuant to the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we are enclosing transcript of Earnings Conference Call for Q1 of FY 2026-27.

This is for your information and records.

Yours faithfully,
For **Galaxy Surfactants Limited**
Niranjan Arun Ketkar Digitally signed by Niranjan Arun Ketkar Date: 2026.08.20 11:23:21 +05'30'

Niranjan Ketkar
Company Secretary

Encl: as above

"Galaxy Surfactants Limited

Q1 FY27 Earnings Conference Call"

August 14, 2026

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th August 2026 will prevail."

MANAGEMENT: **MR. K. NATARAJAN**
MANAGING DIRECTOR
MR. VAIJANATH KULKARNI
EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER
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Moderator: Ladies and gentlemen, good day, and welcome to Galaxy Surfactants Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. 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, 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, Managing Director, Galaxy Surfactants Limited. Thank you, and over to you, sir.

K. Natarajan: Thank you. A very good afternoon, ladies and gentlemen. It gives me immense pleasure to welcome you all to our Q1 '26-'27 conference call. There is a saying that smooth seas do not make skilled sailors. Over the last two years, our company has navigated some exceptionally turbulent waters, geopolitical uncertainty, supply chain disruptions, reformulations and unprecedented volatility across feedstock.

While these challenges tested us, they also strengthened us. They sharpened our execution and enhanced our resilience. Today, as we report our highest ever quarterly EBITDA of INR 252.5 crores, I believe we are beginning to see the benefits of the capabilities, enduring relationships and strategic foundations that we have been building over the last several years.

Our ability to anticipate risk, manage volatility, make disciplined commercial decisions and leverage a diversified portfolio across markets and customer segments has been critical in preserving competitiveness through multiple external disruptions.

Supported by decades of industry experience, deep customer and vendor relationships, operational excellence of our team and a robust risk management framework, these capabilities have enabled us not only to navigate uncertainty, but also to emerge stronger, culminating in nearly doubling our profitability during this quarter.

Many of the factors that constrained growth over the last two years, including customer reformulations and trade-related uncertainties like the U.S.A. tariff have either normalized or become significantly more manageable.

Before I move to our regional performance, it is important to understand the broader environment in which these results were delivered. Q1 was characterized by significant volatility in feedstocks, both petrochemical and oleochemical, primarily driven by developments in West Asia.

Crude remained elevated throughout most of the quarter, averaging above USD 100 per barrel. The oleochemical feedstock prices also moved from average levels of USD 2,800 per metric ton to a high of USD 3,300 per metric ton for the quarter before correcting below USD 2,500 per ton towards the end of June.

Such sharp movements within a short period created significant challenges and opportunities across procurement, pricing and inventory management. In such circumstances, disciplined execution and supply chain agility become key differentiators. Against this backdrop, I am pleased to report a meaningful recovery in growth momentum. Consolidated volumes grew by 5% year-on-year with both our segments growing in mid-single-digit.

Moving to our regional performance now. India, our primary engine grew by an impressive 11% led by double-digit growth in performance segment and high single-digit growth in specialty products. More importantly, we witnessed a recovery in Tier 1 customer demand and the return of positive growth momentum in businesses that have been impacted by reformulations over the last several quarters.

Due to geopolitical developments, the relative economics between oleochemical-based and petrochemical-based feedstocks reversed. Availability constraints and cost pressures in portions of the petrochemical value chain made oleochemical-based solutions increasingly attractive, enabling good growth momentum.

Non-Tier 1 and the direct-to-consumer segment volumes also grew near double-digit year-on-year basis, showing good momentum across regions. With strong premiumization drive, we remain confident that our India region performance will continue returning to its long-term growth trajectory in the coming quarters.

Rest of the World region volume grew by 6% year-on-year. The Americas led the growth as demand recovered following greater clarity on tariff-related developments, while our premium specialty business at TRI-K continued its strong performance.

It was also encouraging to see APAC delivered double-digit growth, reflecting the investments and strategic actions we have been taking over the last few years, whether it is strengthening our market presence, expanding our distribution reach, localizing portfolios or deepening customer engagement, these efforts are now translating into tangible business outcomes within the Specialty Care mix has improved, contributing positively to growth in EBITDA per metric ton, moving us steadily towards objective of improving the quality of our earnings through a richer and more differentiated product mix.

Coming to the AMET region, the quarter began under extremely challenging circumstances. The development in the West Asia created significant disruptions across the region during April and early May, impacting both inbound and outbound supply chains. Our Egypt operations were also affected during this period.

What I found particularly encouraging, however, is the resilience demonstrated by our Egypt business and operations teams. As conditions gradually stabilized, we saw a strong recovery in momentum, supported by close coordination across manufacturing, supply chain, procurement and commercial teams.

Their ability to adapt swiftly, maintain strong customer engagement and ensure uninterrupted business continuity enabled us to recover a substantial portion of the volumes impacted during April and May, driving a strong improvement in performance from the month of June onwards.

While AMET volumes were down 4% year-on-year, they improved by an impressive 19%

sequentially, reflecting both the underlying strength of customer demand and the resilience of our business model in the region.

At the same time, we remain watchful of the evolving geopolitical situation and its potential implications for global supply chains. The operating environment continues to remain dynamic, and while the long-term growth potential of the region remains intact, we'll continue to prioritize agility, supply continuity and exceptional customer service as we navigate the quarters ahead.

Coming to our financial performance. For quarter one, I'm pleased to inform you all that the EBITDA stood at INR 252.5 crores compared to INR 135.1 crores in Q1 FY26, while EBITDA per metric ton improved to INR 35,458 per metric ton from approximately INR 20,009 per metric ton in the corresponding period last year.

The business performance reflects the benefits of a healthier business mix, recovery in customer demand, increasing contribution from our Specialty Care portfolio, superior inventory risk management, disciplined commercial execution, strong cost management and the superior collaborative efforts of our teams across the organization.

I'm also pleased with the progress being made with our EPC project in Mexico. The project continues to progress as planned, contributing EPC service income during the quarter, and we remain on track for commercialization over the next 12 months.

Innovation continues to remain at the heart of our Strategy 2030 journey. During the quarter, we introduced SimpliX, an innovative platform designed for modern personal care formulations such as body washers, facial cleansers and shampoos. SimpliX helps formulators simplify product development while delivering superior mildness, enhanced sensorial attributes and formulation flexibility to meet evolving consumer preferences.

We are also proud to share another significant innovation milestone for Galaxy. Galaxy Hearth Biosurf received recognition in the Innovation Zone Awards 2026 held at the Cosmohome Tech Expo. Galaxy Hearth Biosurf is an innovative enzyme surfactant synergy that combines cleaning performance, formulation efficiency and sustainability for next-generation laundry care solutions. This recognition further validates our commitment to science-led innovation and sustainable product development.

As we look ahead, demand indicators remain encouraging across many of our key markets. With the upcoming festive season in India and improving momentum across several international markets, we expect demand to remain healthy through the coming quarters. At the same time, we remain watchful of developments in West Asia and their potential impact on feedstock availability, freight markets and global supply chains.

While supply side pressures have started easing towards the end of June, the situation remains fluid and recent geopolitical developments have once again introduced volatility across commodity and the logistics markets. Longer transit times, port congestion and elevated freight costs continue to be the areas that require close monitoring.

Our experience over the years has taught us that agility, disciplined execution and proximity to customers become even more important when external conditions are uncertain. Our focus remains clear, ensuring supply continuity, maintaining the highest levels of customer service, responding swiftly to changing market dynamics to make our customers win in the marketplace.

As regards to our guidance for the full year, we maintain our volume guidance at 6% to 8% for the full-year FY26-27, but I, however, increased the range of the EBITDA per metric ton guidance from the current INR 19,000 to INR 21,000 per metric ton to INR 24,000 to INR 25,000 per metric ton.

Thank you, ladies and gentlemen, for your continued trust and support. Wishing you all a very happy Independence Day in advance. I now open the floor for questions.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Sanjesh from ICICI Securities. Please go ahead.

Sanjesh: Yes. Good afternoon, sir. Thanks for the opportunity. A couple of questions. First on this EBITDA per kg, if I take INR 35,000 for this quarter, you said we will do INR 24,000 to INR 25,000 for the entire year, we are indicating that this INR 35,000 should come down that our normalized range of INR 21,000 to INR 22,000, is that the way to think about it?

K. Natarajan: In a way, yes. But then it also is factoring in certain things, because when we are giving this guidance, we also look at the positives and also some possible potential implication. So it is basis that.

Sanjesh: No. Can you help us understand generally, we had a very narrow range? I think only once during COVID, we did this kind of a very high EBITDA per kg. Now what has led to INR 35,000 EBITDA per kg in this quarter? How much was it inventory gain or how much was it because of product mix change? Or how much was it because we could get better spread, higher demand and supply situation? What led to this expansion?

K. Natarajan: See, first of all, I think, as I said, if you see in the last conference call for the full year results, I did say that with the easing of the U.S. tariffs and things getting better, so it's going to be reflective on our Specialty Ingredients business, which obviously started doing well. And that is how I had the confidence of I think that I will be at the higher end of the volume and also the high-end of the EBITDA per metric ton. And when I gave in the last call, obviously, things were still fluid, because we were just 45 days into the quarter and things were extremely challenging.

In that context, I also said various opportunities that could emerge, because there will be some challenges, but some opportunities, but it's all about how the team capitalizes on the opportunities and manages well the challenges to mitigate a good portion of the impact. And that's actually what happened.

So if you have to look at, how did we deliver INR 35,000 per metric ton, structurally, all the work that we were doing last year, but the external situation was against us, started coming in our favour. One was the reformulation, as I said, because that gave us the volumes back and also good operating leverage, , which was missing last year because there was certain impact on volumes reformation.

The second one is in terms of the structurally in terms of the special ingredients portfolio getting better and the mix within the special ingredients portfolio getting better, ? So that is one, because the volumes are coming back into U.S. and the APAC region.

The other thing is with regard to certain opportunities we had in terms of commercial execution, , which we could selectively leverage on, ? Some of it may continue, some of it may not continue. It depends on how the situation develops as the quarter moves forward.

Sanjesh: Very clear. One thing, because I think U.S. is a reiteration, we had an impact we are going back to a normalized level. So, that should not have led to a material improvement probably would have gone to INR 21,000, INR 22,000. Now, how does the U.S. market look for us, say, for rest of the nine months? Has the demand sustained? Are we seeing the order book getting built up, new product development? How is the U.S. market particularly looking for us?

K. Natarajan: U.S. market as I said, our premium specialties led by our TRI-K business, , is certainly doing well. We also launched a new product called Everbond last year. It is showing very significant momentum in terms of customer acceptance. It has started contributing meaningfully to our revenues in the TRI-K business. and also in terms of our special ingredients portfolio out of India and Egypt into the U.S. market has also got enabled well, ?

And we expect this to continue, because we're also seeing a good customer acceptance, a lot of project approvals and customer approvals also started falling in place, which also has led to this. One is the tariff coming and another is the customer approvals and everything have been placed, which obviously was worked upon last year and they start happening very sequentially well from February this year as the tariffs also came down.

Sanjesh: Got it, sir. Last two questions, one on India and one on AMET. India, obviously, double-digit growth back to its very good thing to see that. But the risk of reformulation still remains, remove the crude, goes back to the normalized level. And have we changed our path in terms of we were thinking of even getting in some of those products? Have we changed any plan there? That's number one.

Number two, I think BASF has announced the shutdown of the plant of their consumer care plant, which was competing their research. So give us more volume now that the competitive intensity, one of the largest competition is holding their operation in India.

And last one on AMET, though all the good things, volume still continues to decline even on a low base. Now, how should we see this is more demand side issue? Or was it more supply side issue? And should we end up with a positive volume growth in AMET in FY27?

K. Natarajan: So yes. So I will answer the AMET question first, last to first. So AMET, as I've also been telling my team, I think somehow their staff don't seem to be aligning well, because the team is constantly challenged. As they conquer one challenge, they end up feeding one more. But credit to the team that they have been extremely agile and resilient.

And last quarter was not a demand issue, quarter one. Quarter one was, we almost seven weeks of our Q1 in our Egypt location was washout, because there was no increase in raw material because every material was stuck in Jebel Ali, or in port Geisum, or in Jeddah. So there's nothing that is reaching. It only started flowing in from the last week of May. And we are seeing that things we are making up for what we lost, and there's a good traction that we are seeing from June onwards.

So the demand is not a cost of concern. If we didn't have the issue with regard to the logistics due to the West Asia cases, I think you would have seen a good growth year-on-year, because sequentially, the AMET business has grown by 18%, although we are down year-on-year by 4%, ? So that should give an indication as to how the demand momentum has been in place. So the supply-led situation actually did allow us to register the year-on-year growth.

Sanjesh: Got it.

K. Natarajan: Yes. The other question that you had was with regards to the India region mix ? Now the first and second question, obviously, sequent, but I'll cover that together. The first is with regard to is there a risk of reformulation going back to what it was earlier? I would say that, yes, if the petrochemical prices come down significantly and the alcohol prices remain elevated, like as of today, when we see the balance, , we do see that the balance is not significantly concerning, , for the reformulation to get aggravated.

So this particular advantageous situation we are in, in terms of reformulation being in our favour, we expect that to continue for some more time, , because it has to depend on both the oleochemical and petrochemical balance. We see the balance to be even favourable as of today. But yes, we need to wait and watch how these things pan out in the coming months.

With regard to BASF announcing its closure of its carry chemicals plant, sulfation plant in Dahej, ? This is something that, yes, it can. So we are waiting for our customers to engage with us, but to know whether we are able to sell, because it was only last week that they announced. So, yes, if you look at it, simply put, yes, if one major player in the country closes their operations, it can result in some demand upside. But we are not able to make any clear statement right now because it's just a one-week old story.

Sanjesh: Just one last follow-up on it. What is our view? If we continue with the oleo itself or we were thinking of even adding the new portfolio, any change in the view from a longer-term perspective we want to derisk?

K. Natarajan: No, no. We are very clear that we are already ready and we have commercialized and we started supplies. As we said even in the last meeting that we already started supplies of the petrochemical derivative, ?

But then the way things happen, the derivative itself was not available. So, we had the facility, but we couldn't use, because we had to use our entire thing in oleochemicals. So there is no change in our approach. We will continue to be watching and the flexibility that we have built-in will be there. So there is no change. And it has been well established. All approvals are in place. So, all ready.

Sanjesh: Thanks, Natarajan sir. Very helpful and best of luck for the coming quarter.

Moderator: Thank you. Our next question is from the line of Rohit Nagraj from 360 ONE Capital. Please go ahead.

Rohit Nagraj: Thanks for the opportunity and congrats on a very strong set of numbers. Sir, first question is on the availability of key raw material from Indonesia that Indonesia has now mandated biodiesel from 40% to 50%. Any visible impact that we have seen or incrementally, the pricing of fatty alcohol will remain at elevated levels? Just our thoughts on this. Thank you.

K. Natarajan: Yes. So the mandate of 40% to 50% was the Indonesian government has already been talking. And I think the palm oil pricing on the Ambex has already factored this in, ? So if you see, the palm oil prices today, you're talking about at something like $ 1,100 to $ 1,200. I think the forecast is because the high season months continue, ? And then the forecast is that it should remain at these levels.

And we do see that there should be some steady state in the prices of fatty alcohol, because it's currently at about INR 2,700, INR 2,800 ship India. We do see that it should move sideways between INR 2,600 to INR 2,800. So we don't see any significant jumps as well as no significant corrections downwards. But stability itself is going to give you some good way to ensure that you're able to manage your business well, yes.

Rohit Nagraj: Right. Got that. Sir, second question is during the quarter gone by, because of the supply chain challenges in many of the geographies, including India, did we see any inventory stocking by our customers, which has also benefited our volume growth?

K. Natarajan: See, one thing that I can answer it in a different way, because one of the things was that if you see, post the GST rationalization, I think almost up to November, all our customers were flushing out the higher GST stocks and relabelling and all that stuff. And they really started getting the momentum in terms of become only from Jan, Feb. And then as they're building their pipeline, I think the West Asia crisis happened.

So what you're saying is that when the festive season demand and the summer season demand was getting catered to and they're preparing for it, we said, so you have a situation where you had a lower pipeline combined with some fear about availability of feedstock would have driven some amount of extra buying, ? We'll probably know that as to how it, because even today, we see that the momentum is in place. So that essentially means that the our customers are preparing for the festive demand. And as of now, the momentum looks to be healthy.

Rohit Nagraj: Perfect. Sir, just one last clarification. In terms of our guidance, you mentioned 6% to 8% volume growth and at the higher-end given that first quarter we have done about 5.5%. If we were to reach at 8%, we'll have to grow by more than 8.5%. But in the mid-level, 7.5% consecutively for the next three quarters is what if we were to achieve 7% as a blended volume growth.

How confident are we obviously, for the recent times, you again just now answered that the momentum is good. But after Q3, Q4, are we still confident that we'll be able to maintain this 6% to 7% on average volume growth given that AMET is still facing some challenges? Thanks.

K. Natarajan: Yes. So firstly, I'm confident and I'll give you the reason why I'm confident, , is also because I think AMET, in terms of the demand momentum, we are not seeing any issues. I don't know as to if there is another black swan event that happens, it can get impacted. But as of now, we don't see that.

And the only reason why we couldn't grow year-on-year on the -- we degrew year-on-year by 4% in terms of our AMET business was only because of the supply side constraints, which have got resolved now, ? If it doesn't the demand situation doesn't impact it because of the black swan event as well as the supply side, I don't see any reason why AMET will not get back to its growth trajectory in this year.

The second is with regards to the India market, because India and AMET are the major drivers of the volume growth. With regard to India, we do see that the consumer demand. I think rural continues to outpace the urban demand. All our customers are their commentary, they're very positive in terms of the demand momentum getting better. Again, I do see all of them coming up with a lot of market development and demand generation initiatives, which tells us that they do see that there is a good potential for the demand to really grow and sustain.

The other thing is the only spoiler there can be if the reform -- because what impact of India only the reformulation last year. But as I response to the question from Sanjesh, the way it is balanced today, I don't see that as a big risk, but we never know. But as of today, we know and evaluate the market. And if this continues next year, we should get back to the same 6% to 8%. I don't see any reason we will not.

Rohit Nagraj: Perfect Sir. That answers all the questions. Thanks a lot and all the best.

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

Arun Prasath: So in the last two years, we have been consistently hitting the INR 52 to INR 53 per kg of gross margin trend. And obviously, this quarter is a kind of an aberration. But if you see the rupee depreciation in the last one year, almost 8%, 9% has happened.

So naturally, we should be on a steady state going forward also, we should be hitting north of INR 58 per kg of gross margin. And whenever we have reached this kind of gross margin on a per kg basis, we have also delivered INR 25 per kg of EBITDA margin on a consistent basis.

So the current year guidance, irrespective of what happens because of this Iran, prices and all, shouldn't it be a long-term guidance going forward from INR 22, INR 23 per kg shouldn't be the way we should be thinking on this sir?

K. Natarajan: Yes, I would like it to be, but we should wait, because you know that I'm a very optimistic guy, but at the same time, I don't want to be overpromising and under delivering, but I need to be able to also guide properly. So you're right in terms of re-evaluating it. But if I need to change my guidance, I would like to wait at least for one quarter.

Arun Prasath: Understood, sir. Is there any pressure on the pricing on a rupee terms, because obviously, there will be some kind of a negotiation on passing on the benefit of rupee depreciation. Is it common in our industry with our customers? How do they look at it in something --

K. Natarajan: No. I would not say there's any pressure on pricing because one of the things that the way that we engage with the customers on any pricing discussions is being transparent. So they know that we don't use any opportunity to profit here, but they're also very clear that based on the transparency, they know as to what are the reasons and why, you know, the price are increasing, what is the reason why it's increasing?

Because all of them, once they are able to understand the rationale, I think all of them fall in line because there's no way that I can do the rupee depreciation. Anything I can do if the rupee depreciation from INR 88 to INR 95. You know, they also have aware, I'm also aware. But if we are able to be transparent as to what are the components of the price increase? I think customers do come around and they look at it with favour. So that's what we do. And that helps us, because we have -- we deal with all our customers in an extremely transparent manner.

Arun Prasath: Understood, sir. Secondly, the domestic market increasing palm oil prices, typically, the grammage cut happens I mean as a stock gap arrangement. On top of that, we have seen some, kind of, a restocking because of the crisis. So shouldn't the second half should be slightly weaker like we have seen in the past that makes it difficult for us to fulfil the full year volume growth on the upper side of the guidance?

K. Natarajan: See, when I'm giving you the guidance, , typically, we also have to think through all this and also what our customers are indicating in terms of the commentary. So if you look at what our customers are indicating in the commentary, they are very clearly saying that they are seeing Q2 momentum impact, , very clearly, ?

Now if the Q2 moment is intact and the festive demand really catches up, the only -- everyone is talking about this impact of the monsoon deficit, , being there and how implication it has, for our harvest. That answer we will have by the end of the quarter 2, ? That will give us much clarity.

If that really is not an issue, I think, the H2 will be very different. It will certainly be better. But when we are looking at the guidance, we are also constrained to look at the guidance based on what our customers are looking at in terms of the demand, the way it's going to pan out. And you are right, ? If there is going to be a demand headwind in terms of rural demand getting impacted, you're right, , H2 can be lower.

Arun Prasath: Understood, sir. Slightly zooming out on our long-term guidance of last year's Investor Day. Can you share any updates where we are in terms of achieving moving towards more cosmetics-related ingredients and other value-added products? Have we started putting the capacities as our capex is going towards those avenues? How is the customer feedback? Those kind of a broad commentary, if you can give, that would be helpful.

K. Natarajan: Yes. So first of all, we have said, we have introduced the Beauty and Wellness as one of the induced segments that we cater to. And we also said we will also start enhancing our presence in the Leaveon segment through our Emollient and Esters business. I think we have started if you see whatever we have launched as the new products, , we look at Biosurf, we look at Lumithic, you look at SimpliX, ? Plus also what we're looking at what I explained about Everbond, which is one of the super specialty ingredients that our TRI-K launched, and we're seeing good project in pipeline. And also in terms of already we are seeing it being accretive to our revenues.

So all that in terms of what we had said in terms of our Strategy 2030, , execution is happening on those lines. Projects and pipeline are getting built. ? So obviously, that's all on track, ? The only thing is on what we talked about that our Beauty and Wellness this thing will also have an inorganic growth component, ?

A lot of work has happened, but we have not been able to come up with any announcement. But it is suffice to say that a huge amount of work is happening. I do hope that we will be able to come up with something in the coming months.

Arun Prasath: Sir, if you can indicate what percentage of the capex we will be spending towards this Beauty and Wellness going forward? Or have you started anything? And finally, this year's capex, where we are going to spend?

K. Natarajan: So first of all, some of the capex we've already front-loaded. That's why we said, , that we've already had some of the capex that we have commissioned. Some of it will be commissioned this year. It's all part of that INR 150 crores to INR 200 crores capex that we incur every year because we also do preparing anticipation of certain businesses fructifying because if we don't have the capacity, we can't even start the market development exercise. ?

One of the thing is what will be the sort of, thing that we may do because if tax rate growth, M&A inorganic growth is going to be one component. There, yes, the deals and everything we may not be able to say because it's all about getting the right fit and the right candidate. And a huge amount of work is on as far as that initiative is concerned.

Arun Prasath: Understood, sir. Any capex guidance for this?

K. Natarajan: We talked about capex guidance. So I think this year, we will be at about an additional listing of about INR 150 crores.

Arun Prasath: . Same as last year. No problem.

Moderator: Thank you. The next question is from the line of Jignesh Kamani from Nippon Mutual Fund. Please go ahead.

Jignesh Kamani: Yes. Hi. Just want to know about the quantum of the pricing gain because if you take about fatty oil alcohol price almost up just 3% Y-o-Y and Q-o-Q also 2 percentage. But if I take about our average duration, which increased by about 30-odd percentage from 190 to 250, and similarly, Q-o-Q increased from 217 to almost 15 percentage.

So because of the West Asia crises there was a shortage of the material and hence, the finished product prices spike and hence, we benefited and it will reverse as the supply situation normalize or anything else to readout? Because even if I take about growth rate in the Specialty Chemicals, it is lower than the performance segment.

K. Natarajan: No. So what we have to understand is that, first of all, there was also a cost increase because if you look at my freight rates have more than doubled in the export side, which also goes into your price because the CIF price.

Jignesh Kamani: Okay.

K. Natarajan: Second is, we also had a mix change because when the reformulation happened, you also had a certain mix change within the performance products portfolio that also has that increase because some of it we sell at a 70% active, some products we sell at 100%, 95% active. So when the mix changes, that also increases the selling price, ? Because finally, dry products are priced more than, say, liquid or a paste product. So that also contributed, , to the selling price going up.

But what it also meant is that it's important that what it tells you is that we were very well-prepared when the opportunity got presented and all the headwinds that were there last year when it became converted to tailwinds, I think we were in a good position to be able to leverage on that opportunity.

Jignesh Kamani: Or, say, let me ask another way. So if you remove the increase in the spike in the finished good product, just because of the better mix, you can see what kind of average ASP has increased?

K. Natarajan: I would not want to specifically comment on that because there are too many stuff that has happened that I don't want to specifically point out because it will only confuse. So what essentially you want to be wanting to know as to what it will sustain?

Jignesh Kamani: Yes, exactly. So out of right now, INR 35,000 can say EBITDA per ton, what is the element of the inventory spike or the finished good spike benefit, which might reverse once the price...

K. Natarajan: I don't want to say it that way. But what I can say is that because that essentially also will not be the right indication. So what I say that we achieved INR 35,000. As moving forward, we're looking at achieving something like INR 21,000 , for the next three quarters, INR 21,000 to INR 22,000. The average coming down to INR 24,000 to INR 25,000. And that essentially factors in all the structural stuff that have fallen in place, , very clearly as compared to last year. Last year -- full year, we were only at INR 19,000,

Jignesh Kamani: Understood.

K. Natarajan: That essentially means all our specialty ingredients portfolio getting better in U.S.A., our premium specialties getting great momentum through TRI-K specialties business, , my volume growth in India coming back, reformulation, also the way it is favourable to us continuing. All this has been factored in. And basis that, I'll increased the guidance compared for the year to INR 24,000 to INR 25,000 per metric ton. With the volume growth of 6% to 8%, which I was last year, I was almost degrowing by 1%.

Jignesh Kamani: Understood. You are -- as of now you are talking about INR 21,000, INR 22,000, kind of, sustainable quarterly EBITDA per ton?

K. Natarajan: Higher EBITDA that's we are looking at. ?

Jignesh Kamani: Yes. Sure. Thanks a lot.

Moderator: Thank you. The next question is from the line of Aditya Khetan from SMIFS institutional. Please go ahead.

Aditya Khetan: Thank you, sir for the opportunity and congrats on a good set of performance. Just a couple of questions. Sir, when we look into the customer mix, so some 40% is coming from the regional players. And I believe, sir, like the regional and the local players have limited pricing power to absorb this – so this much raw material price hike. Since we have taken a good jump into the prices. What actually changed, like, in terms of demand?

So these players have also been able to absorb this much price rise by you. Any idea, sir, on the demand side more if qualitatively you can say like the personal inflation, we are witnessing that the inflation is also going up still like the personal expenditure by the consumers is intact. So that is what...

K. Natarajan: Yes, that's what, if you see the results of our customers also, it tells you as to how the consumer demand seems to be still intact, ? Because if you look at HUL has reported almost 5% volume growth for this quarter on the back of a 6% volume growth last quarter. And the commentary from them is really indicating the -- same thing we are seeing in all our other customers, end customers who have reported a good growth in volume terms. ?

Which shows that -- whereas all of them have also talked about increasing prices because the inflation has got much beyond what anyone can absorb, ? So we do see that something because the price increases have been much beyond what anyone can absorb and keep the consumers insulated from that.

Aditya Khetan: Got it, sir. Sir, when we look in the overall mix, the specialty surfactant actually, sir, on quarter-on-quarter basis or Y-o-Y basis because the percentage came down, like, 40% now to around 34%. Although, absolute definitely looks quite good, but in terms of percentage that has gone down. So this mix change, sir, if I remove all the benefits of inventory and everything, whatever the freight cost and all, so in terms of a mix-wise, how much we could have achieved in terms of EBITDA per kg in this quarter?

K. Natarajan: That's what I'm saying. Suppose we didn't have all these things, we would have still been, you know, about INR 21,000 per metric ton. And the reason why the specialty portfolio has come down, , as a percentage, because my denominator has gone up? , because the performance products also grew significantly. So when the denominator goes up, , the percentage obviously will look lower.

Last year was a different story it was the denominator itself was lower, ? And it also tells you that the specialty momentum because in absolute terms, if you see, it has registered a very good growth. So what essentially happens is that that's a good indication in terms of going forward as to how structurally things will continue to remain where they are and get better.

Aditya Khetan: , sir. Sir, my third question is on to the demand side, like, from the international markets in Europe and U.S., although we understand that you mentioned so now the negativity of tariffs and all are behind and we are getting good customer approvals and all in place. But you had also mentioned like some two quarters back like there are some demand-related issues structurally, which can change. Have you seen any, sort of, that things from the customer side commentary in U.S., some sort of structural change happening or we could continue to witness some double-digit growth in volumes at least for the next 2 years to 3 years?

K. Natarajan: See in rest of the world, see, first of all the we don't hold any great share in any of these markets in Europe or in Latin America or in Americas, ? What I said two quarters back was, they got a special ingredients because of the inflationary situation, I think, the projects in pipeline were not getting matured faster because customers are taking time, , to approve because they were anyhow, looking at the demand situation like -- and this more is with regard to Europe, , which is why I said this because we had a good amount of products in pipeline, but not maturing. And whenever a situation I was, like, even last when February, March, this thing happened, I think, many of our customers in Europe really went slow. And then we have seen that getting better now. So from that part, yes.

But in U.S., we are seeing that the demand is still upbeat, ? They are also growing well as the economy, ? Inflation seems to be getting better based on what, you know, this thing -- the Fed had come up with. So I don't see any demand implication there. But, yes, when looking at getting into new products or whatever, there will be some amount of extra time they may take, ? But yes, I think we do see that, that also has gotten better in terms of the way things are getting reflected in our first quarter numbers in the U.S. market.

Moderator: Thank you. The next question is from the line of Tanvi Warekar from Anand Rathi. Please go ahead. Tanvi, your line unmuted. Please ask your question. There appears to be no response from this participant. We'll move on to the next question. It's from the line of Umang Shah from Banyan Tree Advisors. Please go ahead.

Umang Shah: Thank you for the opportunity and congratulations on good set of performance. Sir, my first question was that in FY22, we had seen similar spike in fatty alcohol price. And after that for next two years, the prices ended up becoming stable and declining. We saw something similar in Q3 of FY25 when prices crossed or near $2,500 per metric ton. And after that, they have been hovering in the similar range with first quarter at $2,800 as being one of the highest levels. Any reason why you're not building some stability or decline in prices for next 1 years or 2 years?

K. Natarajan: Any stability I'm not building what? Any stability or..

Umang Shah: Decline in prices.

K. Natarajan: In prices of fatty alcohol?

Umang Shah: Yes, yes.

K. Natarajan: Yes. See, the problem is in terms of fatty alcohol prices are driven by palm kernel oil prices and palm kernel oil prices is driven more by the palm prices. And the palm prices obviously get driven, , by how your petrochemical -- your brunt, your crude petroleum prices behave. Because they are closely connected because of the biodiesel mandates, ?

So if I look at the chart purely on the technicals, , I can probably say that what you're saying is right because even my sourcing team comes up with the technical chart. Over the last one year, we are seeing that those charts don't get, you know, they are not in line with those charts because there are a lot of other factors, , that suddenly start cropping up and ends up like this Indonesia mandate of 40% to 50%.

In fact, I'll be happy if it comes down, logically, it should, ? But there's also this aspect of El Nino next year, it will get impacted because El Nino this year is going to impact production use next year. So there can be supply-led support to the prices. So there's a lot of moving parts. So that's why I'm not assuming any guess, ? So we need to look at it quarter-on-quarter, and that's the best way to manage the situation.

Umang Shah: Absolutely, absolutely. And sir, going forward, would we be committing more capital in the form of capacity expansion or acquisition in AMET market?

K. Natarajan: You're asking whether I'm going to commit any capital into AMET market?

Umang Shah: Yes, yes.

K. Natarajan: See, AMET market very clearly, we have already done our capex. We obviously will be -- any capexes that we'll be doing there will be more in terms of certain debottlenecking exercises we'll do investments. There is no acquisition we are planning in AMET for sure. There's no plan that we have there at all.

Umang Shah: . And for you, market has not structurally changed for us in AMET market, right? Last year, one of our customers that backward integrated, if my memory serves me right. So in that context, the market has not permanently changed. It's just right now, it's a decline. Once things stabilize, it will also bounce back.

K. Natarajan: So what has changed has changed. So it is not worsening from there. It is not that it is reversing, ? Because that shift churn in the -- at my end customer space, , that has happened. What we're saying is that, that having happened, , there are other growth avenues that we're looking at in various other markets, which obviously has constantly been challenged due to one situation or the other, , external situation, which is getting -- which we actually had got results last quarter but wastage cycle has further aggravated and created an issue in terms of our supply constraints, ?

And the way things are and our order book position, we do see things are looking better from a demand scenario. It's also about how we are able to -- because that particular thing of the churn in our end customer business shares was in the local Egypt market. But we have also been working on diversifying our portfolio to other countries, correct to take care of this. So all these are working well for us.

Umang Shah: Understood. Understood. Thank you so much sir. Have a great quarter ahead.

Moderator: Thank you. Next question is from the line of Tanvi Warekar from Anand Rathi. Please go ahead.

Tanvi Warekar**:** Yes. Hi. Congratulations on great set of numbers there. Just one question regarding you mentioned this quarter recorded EPC service income. So if you could quantify this? And whether like you had mentioned in the last call that FY27 would be large part of the recognition. So is it spread out equally across the next three quarters as well?

K. Natarajan: See, first of all, due to reason confidentiality with our customers that we have entered into, we can't be able to disclose what is the -- numbers we have recognized, but what is recognized is not significantly impacting the overall numbers that we are putting. So to that extent, I can give you clarity. And this is going to be completed this year. And I think we will have the recognition completed by end of this financial year.

Tanvi Warekar: Okay, sir. Okay. Thank you so much. And just one, sir, this gets recorded in the performance segment as well, right?

K. Natarajan: No, no. This is a separate segment. It is not performance segment. It will be a separate segment. It is not related to that. It is a separate business model. Yes.

Tanvi Warekar: Okay. Thank you so much. Yes.

Moderator: Thank you. The next question is from the line of Rohit from Sunidhi Securities. Please go ahead.

Rohit: Yes. Thank your taking my question, sir and congratulations for good set of numbers. Sir, two questions from my side. One is, I mean, as we have seen, contract revision from the customer side. So just wanted to understand all these contracts are on the spot basis only? Or would there be, the long-term contracts are also revised in terms of pricing or is it just a spot basis just to absorb the RM cost increase?

K. Natarajan: No, no. See, one thing is very clear that wherever our contractual business, there is a clear latent methodology as to how the cost increase or decrease will be passed out. So that is being ensured because that's why I said it's all transparent.

On spot prices, again, you know, there is a very clear this thing and then whatever is something that needs to be revised will be revised, So as I said during, I think, the initial part of my call when one question was asked, it's about how transparent we are with customers as long as customers know that there is a genuine reason, which was not in our control, and that is the reason for the increase. I think they're extremely, you know, fair, okay, to observe it.

Similarly, we also know that when there is – reduction is possible, Galaxy is going to pass it on at the first available opportunity. So that ensures that there is a process that is there, but it is not something where the customers keep resisting as long as they are able to understand the rationale for that.

Rohit: Okay. Fair enough. Secondly, in terms of inorganic expansion as we were discussing some time back also. So are we still, I mean, progressing well on this part or how to look at this inorganic expansion for maybe for next 1 years or 2 years?

K. Natarajan: Yes. So this is something that we are progressing well in terms of the way that we are evaluating, mandate with regard to what can be the targets. but we need to get the right fit. we are very clear that we will not do anything that doesn't meet the criteria that we have set, because anything that we do has to be in line with our strategy and also accretive to our profitability.

So we are very seized of that. , a lot of work is happening in terms of evaluating. I hope the, sort of, work that we're doing, we should be able to announce something in the coming quarters, but we need to wait and watch, but we'll not do anything just to be able to for the fear of missing out, that certainly we will not do.

Rohit: Okay. Okay. Fair enough. And that's it from my side, sir. Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Bhavesh from DV Investment Advisors. Please go ahead. Bhavesh, your line is unmuted. Please ask your question.

Bhavesh: Yes, Yes. Thank you for the opportunity. I just want to understand the company from like next 3 year, 4 year perspective and the whole transition from, let's say, performance to specialty chemical side. So we have introduced products like TRI-K and SimpliX. So I just want to understand, are there any more products in pipeline that we have? And what is the competition intensity in these products? And also how we are looking at the mix going forward from performance to specialty in the next 3 years, 4 years?

K. Natarajan: So, first of all, I'd like to clarify there is no -- strategy to transition from performance to specialty. Our strategy is very clear that we have to grow both the legs of our business performance and specialty ingredients. And that is how our, you know, when we did present in the Analyst Day presentation, we said very clearly, how we are going to look at the growth for both, ? So there is no way that we're going to be saying that we want to deprioritize our performance surfactants business. So that I want to clarify very clearly. So we have clear plans to grow both the businesses.

And for performance surfactants, the way that we need to be staying relevant and competitive is in terms of how we are going to be having our operational excellence clearly coming and giving us the strength, ? So that is what is going to enable us, , to be able to weather any competitive intensity and still deliver the profitable growth.

If you look at there – for SimpliX and all these products that we have launched, , we have more products in the pipeline. I think some of it will be launched in the next quarter, . There is a clear plan. . And we do look at all new products, -- this thing is by 2030, they should contribute to almost greater than 5% of our total revenue and our contribution margins.

Bhavesh: And like we are introducing these new products. So do we have any peers who are making these similar products with these chemistries or we are one of the suppliers?

K. Natarajan: No, no, no. The peers, they may be make -- what we come up with is very clear positioning on what our product delivers in line with the consumer trends. And with all our studies with the claims substantiation as well as the ease of formulation. So that's what we will do. So that is something that -- the many products that we launched the first time.

And that's the reason why we say that when we come up with a product which is new and not in the market, the customers do take -- after they're convinced about its relevance in terms of their requirements, they do take time to approve because they need to do a whole set of testing. Because if it's something similar to what is already there, they only need to look at the incremental approval mechanism. But we don't want to be getting there in terms of our innovation platform.

Bhavesh: That’s it. That’s it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Ishika Bajaj from Kredent Family Office. Please go ahead.

Ishika Bajaj: So you mentioned that, you know, you increased your EBITDA margin guidance and EBITDA per ton guidance as well. So at a company level, I understand. But is there any industry tailwind that you are seeing because the competitors in the space have also reported good numbers for the quarter. So just wanted to understand your view on the industry going forward.

K. Natarajan: Yes, see, if you look at the industry in terms of demand, ? So I would say that the demand as of now looks to be resilient despite the inflation that has happened because of the commodities going up due to the West Asia crisis, ? And we do see that across, you know, you seen APAC, in India, I think even all types of customers, , are looking at the demand momentum sustaining. ?

What my competition is doing because many of the competition are not into the entire range of products that we have, ? With competitors in India, we have the largest portfolio and also in terms of scale and also a large customer base. So we are pretty very different, but that also is what differentiates our business model and underscores its robustness.

Ishika Bajaj: . Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question. I now hand the floor over to the management for closing comments.

K. Natarajan: Thank you, ladies and gentlemen. . Have a great weekend. And once again, wishing you all a very happy 80th Independence Day.

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