

**February 23, 2026**

National Stock Exchange of India Ltd., Listing Compliance Department Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 <b>Scrip Symbol: GALAXYSURF</b>	BSE Limited, Listing Department, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001  <b>Scrip Code: 540935</b>
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**Subject: Transcript of concall Q3 of FY 2025-26**

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

**Dear Sir/Madam,**

Pursuant to the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we are enclosing transcript of Earnings Conference Call for Q3 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  
Q3 & 9 M FY26 Earnings Conference Call”

February 16, 2026

This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 16th February 2026 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 Galaxy Surfactants Limited Q3 and 9 Months FY '26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

**K. Natarajan:** Thank you. A very good afternoon, ladies and gentlemen. Thank you for joining our third quarter earnings call of financial year 2025, '26. If the first half was about resilience, our Q3 has been a quarter where multiple headwinds converged, testing our agility, execution and resolve. Before delving into the specifics, it is essential for us to understand the broader context and the developments over the quarter and the year-to-date period. The major factors that have shaped our performance since last 2 quarters can be enumerated as below.

First, reformulation pressures arising from the reformulation of a key ingredient by one of our key Tier 1 account in India within our Performance Surfactants segment due to persistently high feedstock prices. This continues to weigh on volumes and contributions since the last two quarters. Second, in India, the GST rate rationalization, while a long-term positive for the fast-moving consumer goods value chain.

It caused a temporary demand disruption from end of September and spilled into October month due to deferment of purchases and inventory adjustments, the after effects of which were seen into the festive period in the upstream value chain. Third, the reciprocal tariffs imposed by the U.S. on Indian exports as we highlighted in Q2, continued to impact the contribution of our specialty segment originating from India and affected the pace of conversion in some pipeline projects from Q3 onwards.

And fourth, the dynamics of fatty alcohol pricing, which have stayed buoyant at a very high level, since last year. Amidst this, it is important to highlight a significant positive development on the tariff front. Following the recent bilateral update between India and the United States, the reciprocal tariff on Indian exports has been reduced from 50% to 18%.

While we await the fine print of the announcement, Galaxy strongly welcomes the state development. As global supply chains continue to evolve, this tariff normalization restores competitiveness and creates a more level playing field for us in the U.S. market. Lower landed costs and improved pricing flexibility will not only help us rebuild traction in the near term,

but it will also strategically strengthen our long-term position in North America.

We also believe this move will support the reinstatement of our existing customer pipelines, accelerate penetration in high-value speciality opportunities and unlock new avenues for growth. While the past two quarters reflected temporary hiccups due to the tariffed disruptions, this development is a major structural positive for us going forward. While oleochemical feedstocks saw a brief softening driven by a sharp trough in November on account of record palm oil production and stock buildup, the easing was short-lived.

Market participants expected further declines and therefore stayed cautious, resulting in an average market correction of about 8% for Q3 in our India business. Unfortunately, the unusually wide and prolonged spread between fatty alcohols and crude petroleum as communicated earlier, also a phenomenon rare over the last 3 decades, has kept reformulation risk elevated, and this played out adversely for us in India again this quarter.

Coming to the numbers in specific. For Q3, consolidated volumes were stable on a year-on-year basis. The Performance Surfactants portfolio experienced a high single-digit decline. However, this was offset by high single-digit volume growth within the Specialty segment. The Specialty segment resilience delivered growth despite tariff-induced uncertainties, and this was primarily supported by continued momentum in our non-U.S. markets in the rest of the world bucket.

Our Q3 FY '25-'26 EBITDA before exceptional items increased by 13% year-on-year to INR124 crores versus INR110 crores in the similar quarter last financial year. Consequently, EBITDA per metric ton improved to INR20,156 per metric ton compared to INR17,527 per metric ton in the previous year.

This uplift was driven by strong volume growth from our non-Tier 1 customer accounts, improved contribution realization from the Masstige segment in India and Prestige specialty products in rest of the world, incremental service income from our ongoing EPC projects, lower logistics costs and the successful execution of multiple cost efficiency initiatives across the group.

Our YTD 9-month financial year '25/'26 EBITDA before exceptional items remained flat year-on-year at INR376 crores versus INR375 crores in the YTD 9 months FY '25. And consequently, our YTD 9-month FY '26 EBITDA per metric ton before exceptional items stood at INR19,126 per metric ton versus the last year YTD 9 months number of INR19,272 per metric ton.

During the quarter, we also recognized exceptional items related to the new labor code to the extent of INR11.9 crores towards the enhanced impact due to revised calculations of the gratuity and leave encashment. These are though onetime adjustments and do not reflect underlying operating trends. They are however necessary and hence, prudent provisions have been made aligned to the new statutory regime.

Moving on to the regions; first, India, our domestic growth engine. The volume grew by mid-single digit year-on-year for Q3 FY '26. Within this, the Performance Surfactants segment degrew by roughly 4% year-on-year, largely reflecting the continued reformulation in few Tier 1 accounts, whereas our specialty business delivered more than 35% volume growth year-on-year basis.

The GST reset led to inventory adjustment by all our customers in October month, which created a temporary blip in the uptake and the U.S. tariff overhang continued to weigh on our specialty business volumes exported out of India. That said, the broadening of our franchise with non-Tier 1 customers cushion the impact and helped sustain overall momentum.

As shared last year, we have already undertaken capacity enhancements and developed alternate surfactant systems aligned to the new reformulations by some of our core customers. Approvals are underway, and we expect commercialization to start in Q4 FY '26. With the normalization of GST-related adjustments, continued specialty strength and the planned commercialization of alternatives, we remain confident of a gradual improvement in our India growth trajectory.

Coming to AMET, the market conditions remain challenging. During Q3 FY '26, the region recorded a double-digit year-on-year decline in high teens, driven largely by market share losses in key Tier 1 accounts, AMET heightened competitive intensity, including pressure from backward integrated and local players. However, we have an update based on some recent developments.

We have recovered significant volume traction in Q4 '25-'26 from most of our customers, which will get reflected in the upcoming quarter's performance. Our teams remain deeply engaged with customers, strengthening our value proposition and actively working to rebuild our position across both Tier 1 and non-Tier 1 segments in the region. Coming to rest of the world, it performed well and helped balance the portfolio.

On a year-on-year basis, rest of the world volumes grew mid-single digit with Latin America and Europe posting growth and sustaining healthy demand across both Performance and Specialty segments. These gains partially offset the tariff-induced softness linked to the North American specialty exports from India and they underline our strategy of geographic diversification and disciplined market development.

TRI-K, our super specialty business segment, catering to high-end prestige products delivered a strong performance, enhancing the EBITDA profile of the group. Coming to innovation. As per the Strategy 2030 that we announced in Capital Market Day in June '25, we are pleased to inform that we have launched 5 new products in GalSORB, SunBliss range in Sun Care, Leave on segment in November month that in cosmetics Bangkok.

These second-generation molecules are designed to offer high photostability, strong efficacy at low dosage, broad spectrum UV protection, including blue light defence and improved sensory

performance, while meeting evolving safety and environmental standards. We have received very favorable response in this regard, and these products will be commercialized from Q4 FY '26 onwards.

An update on our rebranding initiative, which most of you would have seen. In January '26, Galaxy refreshed its brand identity after 45 years as part of its ongoing strategic evolution. Guided by the purpose chemistry creates care. The new brand identity reinforces the company's focus on long-term partnerships, responsible innovation and sustainable value creation.

Alongside this, Galaxy is expanding its portfolio beyond home and personal care into beauty, derma and wellness segments. While the visual identity has evolved, Galaxy's core strengths that is quality, reliability and technical expertise remain unchanged. The refreshed identity clearly positions Galaxy as a trusted future-ready partner for customers and all external stakeholders.

Coming to outlook. On the cost and supply side, we saw a few moving pieces. Freight offered some relief, but operational frictions like port congestion persisted. In raw materials, despite a brief softening of oleochemical inputs, the quarter's average price correction was not significant. And as we entered January, the fatty alcohol prices began to form again, consistent with seasonal patterns and festival linked demand.

While new fatty alcohol plants are coming up should improve availability, **Palm Kernel** oil remains a factor that we need to be looking at and planning with what we expect as the way the market would move forward. On demand side, India performance volumes are expected to increase incrementally in both Tier 1 and non-Tier 1 accounts.

And we do see a double-digit volume growth in the specialty segment, , to continue. AMET recovery of volumes seems positive from Q4 onwards and be a high priority. For rest of the world, Performance Surfactants growth will continue to be driven by the momentum as was evident in Q3.

And as regards to the specialty segment, our existing customer growth pipeline projects are expected to get a good push as regards our North America business, thanks to the tariff reduction and will start reflecting from late Q4 and start of Q1 next year.

In conclusion, I'd like to say that we are confident that the worst is behind us with the India growth story improving, AMET volumes gradually recovering, incremental profitability expected from the recent U.S. India tariff reduction announcement and a sustained improvement in our premium specialty product mix -- we are confident of regaining our growth momentum in the coming quarters. Thank you for your continued trust.

I now open the floor to questions. Thank you.

**Moderator:** Thank you so much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question comes from the line of Sanjesh Jain from ICICI Securities.

**Sanjesh Jain:** I got 2 sets of questions. First on the regional performance. On the AMET, we said that there's a competitive intensity, which has increased in Q3. But at the same breath, we said that Q4, we are looking at the volumes should come back. What has changed just in a matter of a quarter, which is giving us a confidence? And in AMET, we are already down 35% from our peak quarterly volumes. How much of that we can recover, say, in next 1, 1.5 years? That's on the AMET?

On India, we were supposed to adopt the new changes in the formulation with new product introduction. Where are we in that process? And when should we see volume from that segment coming? And on the rest of the world, you sounded quite optimistic on U.S. trade deal. And you did mention that you expect specialty volumes to grow at double digit. It is more like FY '27 or you expect for next few years, this specialty should grow in double digits? So this is on the demand side of things?

**K. Natarajan:** Yes. On the AMET side, what has changed between Q3 and what will happen in Q4 is in terms of certain of the businesses that were in pipeline and we are discussing with certain new geographies there, we have been able to complete that towards the end of last quarter because although the competitive intensity is there, we do have to keep rejigging in some pockets we need to be catering to within AMET. And I think that we did a good job in quarter 3, but we expect those volumes to start flowing in only from Q4. That is as far as AMET is concerned.

**Sanjesh Jain:** We are 35% down from the peak. Now where do you expect that to reach? Do you expect to reach that peak in next 1, 1.5 years or will it take more time?

**K. Natarajan:** No, we don't expect it to reach the peak because we very clearly have told that we have had a new scenerio competition, where you have a person who is backward integrated and who has also taken share from the Tier 1 customers .In AMET what has happened over the last 2 years as far as the currency availability and the depreciation is concerned in the key market of Egypt. So that is something that will not come back.

**Sanjesh Jain:** . but we'll get back to the growth there?

**K. Natarajan:** Yes. So what we are essentially doing is that we are trying to see with the new normal, how are we able to look at other markets in AMET, the way that we are able to balance it out with the credit risk. So that's what the team is working on because we can't say that what has gone, we will not re-compensate that's why the team is working. But to compensate within the existing scheme of things, it's not going to be possible. That is why it's taking time. But in the next 1 year, if you ask me today, I don't see that we'll be able to come back to this peak volumes.

**Sanjesh Jain:** Very clear. On India?

**K. Natarajan:** On India, with regards to the new this thing as well, we are ready. But then what have also happened was last thing, our customers, the key customer, who reformulated was very busy with battling the GST rationalization and inventory adjustments. So we are in the process. We expect the approval to happen anytime and business should start any time now. But the major impact of that will be felt only in the next year.

**Sanjesh Jain:** Got it. So we will be back to double-digit growth in India, with that product?

**K. Natarajan:** We should be. But we also had said last time in terms of reformulation, there have been also the active adjustments that have happened, ? So it all depends on what's going to be the way that they're going to look at in terms of continuing with that or trying to alter it further, so which we don't have any idea.

But if the current situation continues, we need to see the growth momentum coming back because the double-digit growth can happen only if the market is growing. India market, even today, if you see all of them are reporting 2% to 4% volume growth, underlying volume growth. So that really needs to come back. All our customers are saying that the GST rationalisation should bring that up to that level, and they are working towards making that happen. But it has to get reflected in the actual numbers that they're going to be selling.

**Sanjesh Jain:** Got it. And on the U.S.?

**K. Natarajan:** Yes. On the U.S., obviously, so if you see the tariff actually created an issue for us in terms of the way that we are running the customer projects there where the customers were essentially very apprehensive in terms of whether they want to continue working on the projects in pipeline. Now with the way that things have settled down, it is not only in terms of the tariff, but also the way that India and U.S. are warmed up.

So customers do feel that this would be a stable situation to move forward. And we are seeing that based on the last 2 weeks of discussions we had customers, there's a positive momentum in restarting evaluation of various projects in pipeline that were suspended. So that gives us the confidence. In terms of it's starting to show a certain uptick in demand for those products that got impacted due to tariff from end of this year and more it will be seen in the next year.

**Sanjesh Jain:** So we should be growing for double-digit volume growth in specialty based on this/

**K. Natarajan:** We should be seeing this. Yes,. But then it's all a question of how the customers are going because it's also a situation, where we do not know what contract customers have done for the products already, when those contracts are expiring because everything went into a limbo. Now with all the customers, it looks positive to what extent we're positive, we'll get to know probably in the next call, I'll be able to give more clarity.

- Sanjesh Jain:** My second set of question, more like bookkeeping. Natarajan, you said that the margins were also boosted because of EPC segment. Can you give more detail on that? And the second question?
- K. Natarajan:** No, I can only tell you, Sanjesh, that if you look at it on a YTD basis, it is not significant. Since it is with a single customer and with confidentiality arrangement with them, we are not able to reveal the actual number. But I can say that it has not been significant.
- Sanjesh Jain:** Got it. And just one bookkeeping question there is a significant jump in the other comprehensive income for last two quarters from a line item, where we need to recognize it into P&L in a later date. What exactly is that?
- Abhijit Damle:** No, those are basically coming from your exchange rate movements coming from subsidiary adjustments.
- Sanjesh Jain:** So why should it get recognized later in the P&L in that sense?
- Abhijit Damle:** See these are the items which that can only come to P&L once you sell your investments in subsidiaries or get back that money into subsidiary back to India. So these are all in their Foreign currency translation reserve sort of.
- Moderator:** Our next question comes from the line of Arun Prasath from Avendus Spark.
- Arun Prasath:** First question is on this tariff related to U.S. Have we shared any tariff with the customer during this intervening period? And if so, with this update on the trade, should we see some kind of gains coming back in terms of margins?
- K. Natarajan:** No, I didn't understand. When you say shared with customers means.
- Arun Prasath:** So a lot of companies have indicated their tariff burden is shared equally between?
- K. Natarajan:** That's what we said. So what we had done was that to respond to that, there are certain businesses that we would actually cater to from Egypt to be moved it to Egypt. What we couldn't move, we have to take either some of it, 50%, it didn't make any sense to do the business at all because you can't be cash negative.
- So we didn't do those businesses in which products where we could absorb some portion of it, we took that call to keep the volumes going. So as we move forward, what we would see is that the major outlook for us or the major outcome that will be good for us is where we're able to build the volumes, , in terms of all those costs, which we can only do from India, and that's what we're focusing on. Now to the extent that we have taken some calls on some products where we took a margin call, to the extent that the duties have come down from 50% to 80%, once my current contract gets over, we can start reinstating.

**Arun Prasath:** So you are confident that the rest of the world should grow in double digits. If it's more backed by the return of the volumes from those geographies, which we couldn't deliver because of the tariffs. Is that the right understanding?

**K. Natarajan:** See, right now, even without U.S., we are doing well in the rest of the world because we started pivoting to other locations like in the rest of the world, ? Now that momentum we want to maintain. And we also want U.S. now to come back, , after the customers start warming up with the new reality on tariffs and the way that India and U.S. are warming up, that is going to be a plus for us.

But the product categories are very different. It's not that whatever volumes actually place in U.S., we could place elsewhere in the rest of the world. Because there's also a mix that has changed. Now we'll always get reset the moment we go into the next year.

**Arun Prasath:** , sir. Second, on this EPC revenue and earnings, will it be similar to what we have seen this year, going forward also, where there are small amounts that will be keep booked each quarter? Or will we see some kind of a bulk or a major significant revenue and earnings should come in say FY '27?

**K. Natarajan:** No, no. It will be spread out because we are expected to be completing this by Q4 of next financial year, So it will get recognized in small pockets, not that there will be anything that's significant that will come in one quarter.

**Arun Prasath:** Because when we initially announced, what I remember is there will be some significant amount, which will come at one go. So that's not going to be the case in any quarter going forward?

**K. Natarajan:** It's a question of what we receive and what we recognize Recognition happens based on the way the accounting standards mandate So we are recognizing income based on what the accounting standards mandate and that will be evenly spread out linked to the percentage of completion of the project,

**Arun Prasath:** Right.

**Arun Prasath:** If this entire process is not giving us, say, meaningful earnings even in any single year, what is the benefit that we are actually going to get? I understand that we will be improving our relationship with the customer. And at some point of time, that may result as a better volume. But what is the tangible benefits we are going to see in the same as Indian tend from this?

**K. Natarajan:** I'll rephrase what we said. First is we are with our customer as part of the strategic intent to backward integrate. And that was not the only reason. It's also in terms of we getting access to volumes for our Performance Surfactants in the biggest market for Home and Personal Care, that is the U.S., North America. That is the prime move that we are doing.

And it is not that it is not significant, It's not that it is something that is going to change because it is not -- based on what EBITDA we have, it is not something significant from that

context. But from this project, it will be. We need to understand the context in which we are saying this, ? And we are not doing this because we want to get through the business of EPC. No. We did this because it's going to give us a link to our strategic market of North America.

**Arun Prasath:** Have we already started getting some benefit because of this in terms of volumes or margins or mix? At least we are not able to see this in the numbers?

**K. Natarajan:** No, you can't see that because this is in the Performance Surfactants segment. And the project will be commissioned only in Q4 of the next financial year. It is not yet commissioned, How the volumes com?.

**Arun Prasath:** Understood, sir. But anyway, that plant will be operated by the customer, right? We will not be reporting in our numbers?

**K. Natarajan:** No, no, we will not be. We'll only report numbers, which are in terms of what volumes we are going to be offtaking for our requirement in North America.

**Arun Prasath:** . Understood. And one more question on the gross margin this quarter. If we see in the first half, on a per kg basis, we are clocking close to around INR49 per kg. And Q3, suddenly we are looking at INR53, INR53.5 per kg. I'm looking at the reported EBITDA per kg translated into gross margin per kg. So this first half of INR49 to Q3, INR53 to INR53.5. Again, is a dramatic shift in the mix or a pricing lag effect? How should we look?

**K. Natarajan:** No, as I said in my opening remarks, one is our TRI-K, which is into Prestige Specialties did very well. So that is one of the reasons, And the other one is also what we sell from India, There is a mix impact, But as we said, our TRI-K business, which is into Prestige Specialties had a role to play in terms of this being better than what it was in first half.

**Arun Prasath:** . But from last year's, say, FY '22, cumulatively, we had close to around INR52.5 per kg of gross margin. From there, the first half reduction to, INR48, INR49 that was primarily driven by our mix.

**K. Natarajan:** I'll tell you, see what happened was the major reason in first half was when the tariffs were announced for U.S. some of the businesses just got stalled. We also had to take time to be rejigging business from India into whatever we can do. The mix also had undergone a change because certain products we couldn't sell out of India.

And then we had to be seeking other markets like in rest of the world, , where we had to face it in a sense of urgency. So it's not that we could get time to be able to get the pricing we want. So it is all about how do we rejig our portfolio in terms of our locations and geographies based on what the tariff situation presents. That's what explains that.

- Arun Prasath:** Sir, this is a sustainable gross margin unless and until before we see some kind of?
- K. Natarajan:** I will have clarity because my U.S. thing has to sustain because I'm also seeing that the U.S. market based on all that my customers and one of our key customers who has a big presence in Beauty and Wellbeing in U.S. has flagged concerns in terms of demand issues in U.S. So that means we need to see how Tri-K shapes up. But I don't see that as a big concern the way that the Tri-K business is performing. But I need to make clear only when I go into the next quarter of our call.
- The other thing is with our tariffs getting releasing, we also see that if all my customer projects that were put on hold and business that we actually are suspended, once they start coming in, it will turn to state the margin profile. So I would urge you to wait till May, when we will have our call for the full year. I can give you better clarity.
- Moderator:** Our next question comes from the line of Archit Joshi from Nuvama Wealth Management Limited.
- Arhit Joshi:** I have a few. First one, we have been hearing from you about the reformulation strategies adopted by our customers. Sir, my question was whether have we seen this happen in the past? Is that like a permanent reset to a particular surfactant being used in a lower quantity basis their cost structure, of course? And should that reverse sometime in the future? What have been our experiences when such a shift happens at the customer's side?
- K. Natarajan:** So I'll tell you, so it's not that it happened for the first time. It happened earlier, but then the tenure it follows, the price delta between fatty alcohol and crude petroleum derivatives have been not this prolonged, So that's one change that has happened. Second is any reformulation in terms of activity adjustments or your alternatives being used, typically are something that is not our customers would do in the normal course.
- They're doing it because they are forced. So I can tell you that once prices start getting corrected to some reasonable levels, we would see that they would revert to what the original formulation was. So these are all temporary adjustments that they are making, ? And that's what even a dialogue with the customers tells us.
- But we are hopeful that the fatty alcohol prices should start getting corrected, say, from May onwards, because we do see that structurally with the high season months coming in of palm and palm kernel, it should start reflecting. But yes, we don't have a crystal ball in front of us, but this is what the expectation is based on what we have seen in the earlier years. So we need to wait for that.
- Arhit Joshi:** Understood. Sir, if I understand correctly, long story short is that there is a chance that the actives used in any formulation can go back to the same levels that earlier they used to use. Yes. Of course, time lines no one can tell

**K. Natarajan:** Yes, yes. it will happen..

**Archit Joshi:** Got it. Sir, secondly, I remember speaking to you on the mix that we have amongst our customers. And we are definitely seeing some shift of some local niche kind of players who have gone up in the total salience of our total revenue mix. So in this quarter, as I can see from the presentation, 40% is going to 47%. And on a 9-month basis also, we have jumped from 39% to 44%. How should we read this, sir?

Is it that because of these reformulation things, the MNC customers have dropped significantly in volume? And because of this, there's an optically higher number seen in the mix of these local and niche players or have we actually seen local niche players grow significantly in volumes?

**K. Natarajan:** Archit in percentage, obviously denominator has an impact. So if the denominator comes down, the percentage goes up. But that's one part of the explanation. But more importantly, which we have been constantly saying is that we are very deeply entrenched, and a huge amount of engagement with all our Tier 2, Tier 3 and D2C customers.

It is what enables us to ensure that we were able to mitigate a good portion of the impact because of the reformulation by Tier 1 customer with what we could do with the Tier 2, Tier 3 and the direct-to-consumer brands, ? And that particular intensity to grow that segment is not something that we are doing now.

It has been a stated strategic agenda for us, and we'll continue to maintain and build on that momentum. That we are very clear. And we also know that the way the markets are looking at it, you'll have D2C brands are here to stay. It's all important as to how we have a business model that enables us to address it very effectively and sustain whatever growth that we achieve with the business with them.

**Archit Joshi:** Understood. So would that be fair to assume, sir, there will be a gradual pivot towards these local niche regional kind of players and any number as a percentage of mix that you would be targeting over there?

**K. Natarajan:** See, one thing that I say percentage is a derivative, it is not that we are deliberately pivoting towards Tier 2, Tier 3 and deprioritizing Tier 1. So that is not the way that we will do business. If the churn happens in the end market, we are well ready because the way that we engage with all types of customers, ?

That's the way it has to be understood. our strategy is not to deprioritize, ? We'll have to have the ability to serve all the segments and in a way that they would want it the way that the market configuration happens. And that's what we've been doing for last quarter, we'll continue to do the same thing.

**Archit Joshi:** Got it, sir. One last small one on this extremely welcome development with regards to commercialization of 5 new products under the Leave on category. Hearty congratulations on that. And since we are hoping to ramp up production sales and commercialization from next quarter onwards, would you, sir, like to give us some more understanding with regards to its potential from an export perspective or whether it will be domestic or any particular customers, would there be MNC or regional players? Anything on that account that would be helpful?

**K. Natarajan:** Yes. So it will be essentially -- we launched it in November. We are able to see a good amount of response, and that is very heartening. It will be in India and out of India both because it is in the Leave on segment, it is in sun care, ?

And obviously, we don't have any specific focus on we say that it's not that we want to focus only on Tier 1 or Tier 2, Tier 3 customers. This is a product we have got interest across all types of customers. And our objective is to see how we are able to progress well and convert all these positive inquiries into business. That's what we are working on.

**Archit Joshi:** Understood, sir. Sir, this would have a significantly higher EBITDA per tonne, right, compared to our existing or blended number that we are reporting close to Rs 18,000-Rs 20,000 / tonnes.

**K. Natarajan:** It should, correct.

**Moderator:** Our next question comes from the line of Aditya Khaitan from SMIFS Institutional Equities.

**Aditya Khaitan:** Just a couple of questions. Sir, so we are pivoting to other regions for growth in export market. So compared to U.S. market, also whatever benefits which we had got in U.S., are the other markets similar in terms of the remunerative prices or they are below or they are higher? So what are the markets like we have explored during this tariff journey? How do you see that journey to build upon? so U.S. will come back to normal?

**K. Natarajan:** See, first of all, it's not that in the rest of the world on our specialties, we are focusing on all the markets, North America, Latin and Europe. But then when the tariff situation presented to us in Europe, then we had to be looking at how do I start seeking more business from those segments.

And obviously, we had to even do certain things because what option we had, either to take those huge margin hit in terms of continuing to sell that into the U.S. or look at other markets where the impact can be lesser than what margin impact we will have in the U.S. with the tariffs incorporated.

So there is no question of saying that whether I plan to have what margin I need. Now whole thing was to ensure that we start pivoting because we never knew how long this U.S. situation will continue, correct? Now this positive development has happened in terms of the tariffs getting reset, and we don't have any comparable vis-a-vis others in the world.

Almost everyone is at 18%, 19%, ? So this gives us the confidence to restart, , the strategic pipeline projects we had with the customers in U.S., which was what was originally intended, ? So once those things start fructifying, we start rejigging back into the U.S., those volumes.

**Aditya Khaitan:** Got it. And this customer, which you mentioned, U.S. customer has stated like demand is an issue. So how you see the uptick would be gradual or it would be very easy for us to take back the lost volume?

**K. Natarajan:** Well, the first time, if you see for the first time, 2 of the biggest guys, one of them is the biggest in the U.S. The other one is very big as far as your Beauty and Well-being is concerned. Therefore the first time flagged concerns with regard to the demand side in the U.S.

We haven't heard this till now. When we see the commentary of some of our competitors in the U.S. and Europe, they are all pointing towards a huge concern, , on the robustness of demand. The first time when customers are flagging this, , is when we say fine. If they are saying that they are probably much nearer to the consumer side of the business. So we said, let us take this input and keep it into our mind, ?

That's what I communicated. So when someone asked whether we expect the U.S. business to be continuing into double-digit growth, I said this aspect has to be factored in. Although if everything continues as normal, things will be much better given that the tariff situation also has got resolved in a very positive way.

**Aditya Khaitan:** Got it. So sir, despite this slowing what suppose if that issue persists on the demand side, we still like, sir, maintain our volume guidance of whatever for the next 2 years. Is that maintained or would be again some cut?

**K. Natarajan:** See, volume guidance, we talked always about 6% to 8%, ? So it's actually very dangerous to change guidance when things are in such a state of flux. That's the reason why I'm not courageous enough to do that because I don't want to be revising the guidance has to give more clarity. It's not confused, correct? That's the reason I'm not doing it.

Now there are too many things that are happening on the positive side in the geopolitical situation. If all that falls in place, , we do see that things should start looking up and take us closer to the 6% to 8% because what is very commendable as far as the performance is concerned is that despite so many challenges in India, which has been the biggest market for us with the tariff in U.S.

And with what is happening in Europe, , we've been able to have a positive volume growth, , and also able to keep our profit numbers flattish, , by a combination of how do we reject our demand and also in terms of how we took care of cost. So this essentially, again, is a very clear demonstration of the very, very robust business model that we have across customer size and across geographies and across product segments.

- Aditya Khaitan:** Yes. Just one last question, sir, if I may. to the EPC business, any sort of guidance like for the next 1 year or for the next 2 years, how much contribution we can see from this business? And how much EBITDA diversification will happen from this business to this? Any sort of a number considering next 2 to 5 years view?
- K. Natarajan:** So first of all, as I said, if I give for next years, I would have given as to what we have recognized in this year. That's why I said it is not significant. And then I was asked if it's not significant, why did I do it, which also explained, So I can only tell you that in the coming years also, it will be there, but it will not be significant in terms of what we're doing with this customer. Since I'm born the confidentiality agreement with this customer, I'm not able to disclose. Otherwise, you know that as an organization, are very transparent. We would have disclosed.
- Moderator:** Our next question comes from the line of Dhruv Muchhal from HDFC AMC.
- Dhruv Muchhal:** Sir, first question is, is it possible to share how much portion of your India business is getting influenced by this reformulation? And to some degree, I mean, is it there in the Q3 numbers or more can happen?
- K. Natarajan:** As of today, whatever has happened is fully reflected in the Q3 numbers, ? And if you look at the entire degrowth that has happened in India, if we compare it with last year to now, can -- which we have been able to mitigate with some good business growth that we had with our Tier 2, Tier 3 customers has entirely been due to this reformulation.
- So we don't see the base getting altered significantly if the current situation continues. But if you have the fatty alcohol prices and crude petroleum prices further diverging, , then we cannot make any statement on then we need to go back to a customer. But as of now, what has happened has happened, ? So we don't see that increasing further.
- Dhruv Muchhal:** Sure. Sir, I'm asking why because there would be some products where the formulation can never happen. I'm assuming there could be some products that the reformulation can never happen. So from that angle, I was trying to understand?
- K. Natarajan:** Yes, correct. So whatever I think most of what could have happened. So customers also they do give us advanced intimation, but they will not tell us into every detail that they are planning. But based on whatever discussions we have had with their top leadership, I think most of what they had to do, they have done.
- Dhruv Muchhal:** Got it. Sure. And sir, secondly, that we are seeing this reformulation strategy of yours will start to play out from Q4 and gradually from Q4 and also the AMET growth will start to see -- I mean, at least the base is there now. We'll start to see volume growth back. But just trying to understand how is this business from a profitability perspective, both India and the new growth that we are seeing in AMET?

I mean, is it meaningfully different than what you were historically doing? And initially, there will be some learning curve and some market share gain-related push, which will influence the margins or the EBITDA versus what you typically used to do historically? Or they are broadly similar as what was earlier?

**K. Natarajan:**

Yes. So the first object we have is to be meaningfully present into certain reformulations that have already happened to the extent that we need to. That is the first objective. So once we get there, we also know that because the pricing is what there is in the market, it's not a new product, ? It's something that is already existing. And then we obviously didn't get into that because it's a petrochemical-based feedstock.

So we said, let us first prepare ourselves to participate in this reformulation. Similarly in AMET in those new countries that we're looking at, , we are very clear that we will not get into any country where we have significant credit risk, but we are also looking at taking appropriate margin calls to get the volumes.

This first objective is to get the volume traction back, ? But it is not that we are taking calls that are going to be enduring us in terms of margins. But yes, these actions that we're taking are not going to be super margins that we'll make, ? So it's going to be something very normal.

**Dhruv Muchhal:**

Sure. And sir, last question, a quick one is, when I do a consol minus stand-alone, I see the subsidiaries, which effect I believe is Egypt and the U.S. and some other businesses seems to be doing well. And this is despite AMET not doing as well for the last few quarters and probably a few years. So is it primarily driven -- and particularly this quarter seems to be strong. So is it primarily because of the U.S. -- because of the Tri-K or there are other factors probably mix in AMET is improving and all those is just trying to understand?

**K. Natarajan:**

I think the major here, if I can say, is that your U.S., I said in terms of -- is a bit better. But the major impact in terms of stand-alone is because I said India has been significantly impacted due to the reformulation.

**Dhruv Muchhal:**

Yes. So stand-alone low is understood, but the gap seems to be okay. I mean, that would mean the subsidiaries are doing well?

**K. Natarajan:**

I think it's also majorly what I said in terms of what is happening in our Tri-K business where it is able to give us some good growth in terms of profitable growth, which is able to compensate.

**Moderator:**

The next question comes from the line of Umang Shah from Banyan Tree Advisors.

**Umang Shah:**

Sir, I just had a question on AMET., you've mentioned in the press release that there was a lot of local competition. Is this cost base competition? And do you think it is sustainable?

**K. Natarajan:**

So, see, this competition is not coming now. In fact, it has happened when Sanjesh also said the peak volumes that we had was all when Egypt was in a very steady state. Currency was ruling at something like INR15, INR16 to a dollar. Today, it is at INR45, ? And inflation, they have

passed through some 100% inflation. Today, they are at 40%.

So now with all this, what has happened is that there have been some local players who have taken advantage of the situation and have come up with product formats and pricing that have been significantly cheaper, ? And they're also backward integrated. That's what resulted, , because when my customers there, my Tier 1 customers lose share, it story reflects on us. And there is no way that I can gain back that share with others who have now taken the end market share because they are backward integrated. So that is not something that has happened now. That has happened over the last 3 years.

**Umang Shah:** Got it. Very useful, sir. Sir, my second question is, after a long time, there has been a decline in raw material prices, fatty alcohol prices on a quarter-on-quarter basis. Do you see the price increases impacting or benefiting the EBITDA per ton?

**K. Natarajan:** No. Actually, whenever prices decreases, it decreased briefly, but then we were also very cautious because when prices are decreasing when alcohol was at \$3,000 and it went to \$2,500, \$2,600, typically, the problem is the risk we have to manage is a very high intensity because customers then expect it to come down further, don't do deals, but we need to buy to continue our production.

So we are very, very conscious how we manage the risk. Now after all of them were waiting, that then they will do their deals once it comes down further, now it starts going up. So now customers again are coming to buy, , but again, are doing deals which are short-term because they say it has gone up and it will come down.

So this aspect of -- it's not a question. If it is been peculiar into a particular rising situation or a fall, I think it's very easy to manage the business. If it's a situation where it keeps fluctuating very frequently, the frequency is what is a problem today.

And the issue reflects in terms of the way customers are looking at doing deals because they're being very short-term. They're looking at deals for doing 1 month, 2 months and 3 months, ? That means your risk profile increases because you have to manage the raw material risk in that frequent way in which customers are doing the deals.

**Umang Shah:** Got it. Sir, but I assume that we had an automatic quarterly price increase that you are passing on to the customers in performance segment?

**K. Natarajan:** So that is for our contractual customers, but I think we have a good business happening with our noncontractual customers, that is Tier 2, Tier 3. I'm talking about that.

**Umang Shah:** Got it. Got it. So the Tier 2, Tier 3, they don't have any price increases. It's basically the negotiation is not on a quarterly basis.. And how frequently would that be?

**K. Natarajan:** Quarterly, some of it is monthly, some of them do 6-month deal depending on how they see the raw material situation. So one is what we give them information as far as what we know, other

is what they know. And finally, addition happens. So some of them do a 6-month deal. Even today, we have people who are doing a 6-month deal because they accept prices to stay firm. There are some people who are going short. They're only doing it for 2 months. So it's a combination.

**Moderator:** Next question comes from the line of Divyansh Gupta from Latent PMS.

**Divyansh Gupta:** Yes. Sir, regarding the alternate formulation that we have developed, some questions regarding that. So is my assumption correct that this is not a supply-constrained situation as the Tier 1 customer or other customers would have enough decent supply of players providing them with the reformulation? And therefore, the question is that given that we have developed a technical formulation to serve the customer, what is going to be our edge to grab any market share? As you also mentioned that majority of reformulation has already happened?

**K. Natarajan:** So there's no of grabbing market share. It is that we lost volumes to the reformulation. My customers, obviously, they reform because there's someone else who was making that supply. And the reason why we are confident that we'll be able to get a good portion of the volumes back is in terms of the strategic arrangement we have with the customer and the volumes that went out from us would come back once we are ready with that particular alternate feedstock, alternate formulation. That's it. There's nothing of trying to grab market share.

**Divyansh Gupta:** Replace whoever they were buying from?

**K. Natarajan:** Yes, correct.

**Divyansh Gupta:** Got it. Understood. And the EBITDA realization for this would be lower than our Performance Surfactants or largely similar?

**K. Natarajan:** It should be largely similar.

**Divyansh Gupta:** Understood. And just last question. With the U.K. FTA and the EU FTA, does it benefit us in any which way with respect to your cost competency?

**K. Natarajan:** No, I don't know with U.K., there is nothing much that happens in U.K., the business. So we probably -- it's not that the duties were very high, ? U.K. as a market, most of it used to get done in the other parts of Europe and getting into U.K. So our team is now working with some customers in the U.K.

So the U.K. FTA is not something that's going to be of any great significance to us. But the EU FTA, yes, because what is important is that even earlier, you had the -- again, GSP, your general system of preferences used to have duties of 4% to 6%. Now that is going to go to 0. It's not that the duty rates are very high.

**Divyansh Gupta:** Got it. So it's not going to make us marginally any more competitive, large competition edge is not there?

**K. Natarajan:** Yes.

**Moderator:** Our next question comes from the line of Rohit Nagraj from 360 ONE Capital.

**Rohit Nagraj:** Sir, first question is on the palm oil prices, fatty alcohol prices. Given that in the last 1, 1.5 years, the prices have been hovering more than, say, \$2,000 per tonne. Is it a structural shift that has happened where earlier the prices used to be about, say, \$1,500 plus/minus per tonne and now move consistently at \$2,000 per ton?

**K. Natarajan:** No, I think whether it's a structural shift, we'll have to wait at least for the next 6 months to understand because it has gone through a cycle of close to 15 months. So we need to see it at least up to next October, ? because there have been too many amount of what do you say, stimuli that are causing prices to respond, ?

So now with all that is happening in terms of the geopolitical situation, crude petroleum prices, because one thing we see is that the crude petroleum prices correct significantly, , there can be an implication for the farm value chain because we have always seen a positive correlation between crude petroleum prices and palm oil prices, ?

So that is something that we need to keep a watch on. We need to also keep a watch on in terms of the production numbers. Our initial discussion with the marketplace tells us that this year, we expect the production to be good. With the recent palm oil conference where my colleagues attended, I think it is pointing towards a good production scenario in this year, which can also be bearish for the market.

But how much bearish, we don't know. And whether if there is any other external stimulus that's negative, it can keep the prices high. But the way I look at it is that the probability of prices going up further from here is low as compared to prices coming down. To what extent they'll come down, we'll have to probably wait until May, June.

**Rohit Nagraj:** Sure. Got that. And second question, in terms of the Beauty and Personal Care, we have been more and more focused now on the Leave on category than the. I just wanted to get a perspective maybe 5 years back, where were we in terms of the proportion of and Leave on? And where are we now? Because I think last year, when we had incorporated the 2030 Vision, we had categorically stated that this is the area which is going to be the area of growth for us over the next 5 years. So just to get a perspective.

**K. Natarajan:** The entire HPC market, , traditionally and for the years to come, it will always be very highly skewed towards applications because I think cleaning is what is the biggest part of the home and personal care market. You see it's fabric cleaning or it's your surface cleaning or it is your dish cleaning or it is your institutional cleaning.

So that will always be the case. So essentially, our focus is going to be continuing to be very intense on the segment. What we're doing is we are adding an additional segment, which is

more focused on what we call as the beauty segment, , which is more to skin cream, skin lotions and all that coming up with ingredients for that, ?

So that is moving. So essentially, it's not that even moving forward in terms of volumes, they can be significantly as a higher percentage. But we need to be very choosy about which product categories we want to get into as far as Leave on is concerned. That's why we see we launched what we call as the sun care ingredients SunBliss that we launched in cosmetics in November. So we'll be very particular as to what sort of ingredients that we get into because it has to be ensuring that we are able to sustain the growth and the profitability.

**Moderator:** Our next question comes from the line of Aditya Khaitan from SMIFS Institutional Equities.

**Aditya Khaitan:** Sir, my question was on to the fatty alcohol prices. Sir, what would be the inventory position today of RM considering at \$2,800 per tonne versus \$1,500 per tonne prices. Is the inventory cycle shortened? And by how many days, if you can quantify that?

And secondly, sir, adding on to that, so hypothetically, assuming if RM prices declined by 20%, just hypothetically assuming it, how much hit to EBITDA can we attribute it to? And also, sir, thought on to this, if you can also quantify the differential between fatty alcohol and the crude petroleum prices? Like what is it today and roughly 1 year back?

**K. Natarajan:** So you're asking actually a lot of questions that I asked my sourcing head, , in terms of how he is planning. So I can't be answering in this detail, but I can tell you that we have a very robust risk management framework in place, which ensures that even if the prices fall significantly -- if they rise, there is no risk. If they fall significantly, , our hit to the P&L will be minimal.

That is how we have structured our risk management framework. That is one. The second is in terms of crude petroleum to this, I don't think as of now, I have any specific response to give you because these are all some data points that we need to get into. So I don't have it readily available to respond on that.

**Aditya Khaitan:** . And sir, just the trend like current because for the last 1, 2 months, crude prices have went up, most of the crude-related derivatives, whether it is LABSA that is to make surfactants that might have also moved up. So differential ideally would have been shortened. Any trend, if you can also highlight the trend is shortening and that would benefit more towards fatty alcohol players. Any sense on to that?

**K. Natarajan:** No, I don't think I'm able to see any trend. The LAB prices going up is all related to some shutdowns that are happening now. And LAB entire complex is very differently structured. So there are more details. I don't think I'll be able to explain that in detail, ? I think my sourcing head can have a conversation with you, in more detail, ?

But right now, I don't see any trends that we can relate to, ? They're all more short term in what is happening in LAB. And what is happening in fatty alcohol is something that is there at least

for the last 15 months. We need to wait till October to understand whether structurally something has changed.

**Aditya Khaitan:** Inventory cycle of RM, sir, if you can just quantify that, how much would it be?

**K. Natarajan:** Inventory cycle is a derivative of how we want to manage risk. So there is nothing specific like I only run with 15 days inventory or 3 months inventory. We need to have inventory to the level that we can continue our production uninterrupted at the same time, not have a significant impact on the P&L in case the prices correct all of a sudden and significantly.

So that is one of the differentiating this thing the way we manage our Performance Surfactants business, ? so it is suffice to say that we will not have any significant impact to our P&L even if the prices correct significantly, it starts coming down. We manage our risk very, very prudently.

**Moderator:** Ladies and gentlemen, that was the last question for today. I would like to hand the conference over to the management for the closing comments. Thank you, and over to you, team.

**K. Natarajan:** Thank you, ladies and gentlemen, and thank you for the huge interest that you have in terms of understanding our business and our performance. I look forward to seeing all of you and answering all your questions and giving you an update on the full year performance 3 months from now. Thank you and all the best.

**Management:** Thank you.

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