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Pursuant to the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we are enclosing transcript of Earnings Conference Call for Q2 FY 2022-23.

This is for your information and records.

Yours faithfully,
For **Galaxy Surfactants Limited**

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"Galaxy Surfactants Limited Q2 FY-23 Earnings Conference Call"

November 10, 2022

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MANAGEMENT: **MR. UNNATHAN SHEKHAR – PROMOTER AND MANAGING DIRECTOR, GALAXY SURFACTANTS LIMITED**
MR. VAIJANATH KULKARNI – GALAXY SURFACTANTS LIMITED
MR. K. NATARAJAN – GALAXY SURFACTANTS LIMITED
MR. ABHIJIT DAMLE – GALAXY SURFACTANTS LIMITED

Moderator: Ladies and gentlemen good day and welcome to Galaxy Surfactant's Limited Q2 FY23 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 guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Unnathan Shekhar – Promoter and Managing Director. Thank you and over to you sir.

Unnathan Shekhar: Thank you. A very good afternoon to all of you. Welcome to this conference call of Quarter 2 Financial Year '22-23.

Ladies and gentlemen, it gives me immense pleasure to welcome you all again for this quarterly conference call. As it is said offense wins games but defense wins championships. The first half of this year has truly tested our defense. In a half there we have seen fatty alcohol prices and freight rates correct upwards of 50% along with the contraction and demand, a good defense that is robust risk management, a diverse product portfolio and judicious price calls, combined with experience acquired over decades enabled us to deliver an almost 100% growth in profits for Q2 and 55% for the first half vis-à-vis H1 of FY22, thus enabling the momentum garnered in Quarter 4 of financial year '22 to continue into the first half of FY23.

Before we get into details, I would specifically like to acknowledge the efforts put in by our team at Galaxy. Given the rapid change that has occurred over the last 12 months, both on the supply and demand side, the consistency achieved in the last three quarters is worthy of praise and acknowledgment.

Moving on to the business performance you must understand the structural drivers as well as the short-term factors influencing it. India continues to remain a bright spot for us. While the volumes have grown 8% for Q2 and 5.5% for H1, the bigger picture is what pleases us. Today we are on course to touch India's 100,000 metric tons sales number. The sales stood at 69,261 metric tons in FY18, thus growing at an 8% CAGR for the past 5 years. Basis this performance, we can safely conclude that the structural optic we witnessed during COVID has not only been sustained but as inflationary pressures ease, we can expect further momentum. I urge you all to look at the bigger picture, which remains bright and healthy. The Africa, Middle East, Turkey region has been a concern. The overall volumes declined 3.5% for H1 FY23 primarily due to the 19% decline in Africa, Middle East, Turkey volumes. The local Egypt market which makes up for approximately 33% to 45% of our total AMET volumes, has been experiencing significant headwinds on account of currency depreciation, down trading and cutback in demand. The Egyptian pound stood at 15.7 to a dollar in March '22 today stands at 24.37 depreciating 55% in just the last 8 months. Down trading has resulted in a local backward integrated player gaining share at the cost of our customers which has adversely impacted our performance. While this may be a repeat of FY19 given the sharp depreciation seen over the last 8 months, the local Egypt market might take three to four quarters more to stabilize. But I would like to assure you that the AMET story remains intact. Given the macroeconomic dynamics of this region Mass and Mass-tige categories may witness a decline once in 3-4 years. They were also the first who wanted to make a comeback clocking in higher levels than before. We have witnessed it in FY20-FY22 and we remain optimistic about FY24. The rest of the world has been a mixed bag for us registering a 14% growth over Q2 and 3.6% for H1 FY23. While US and Asia Pacific markets have been stable, the slowdown in Europe needs to be tracked carefully. Europe is a big market for our mild surfactants, preservatives as well as other specialties. If you look at our rest of the world volumes over the past 3 to 4 years while they have remained in the 54,000 to 59,000 band we remain optimistic. Yes, there have been multiple challenges, be it because of the pandemic which impacted consumptions in FY21, supply-driven volatility which impacted our performance in FY22 or broad-based slowdown in Europe we are experiencing now. Despite all of this let me assure you the structural story remains intact. With easing inflation and improvement in global demand for premium products, we see the next leg of growth starting soon for our specialty products.

Before we move on to the outlook, let me dwell a bit more on the EBITDA per metric ton which has been consistently in the Rs. 22,000 to Rs. 26,000 metric tons for the past three quarters well above our guided EBITDA of Rs. 16,000 to 18,000 per metric ton. The EBITDA per metric term is a derivative of our EBITDA performance and volume growth. While multiple initiatives are being carried out in terms of product mix, operational improvements or judicious price calls to capitalize on emerging opportunities, we need to acknowledge that the decline in volumes and reversal of multiple supply led factors have also contributed to this jump. But for ensuring sustainable growth volumes are the key while inflationary pressures have impacted the Mass and Mass-tige segments thus impacting our performance products using inflationary pressure will ensure volume growth which eventually will result in a correction of our EBITDA per metric ton as and when the same happens. This will be particularly true as the AMET volumes recover. But for now, given that we have been consistently clocking an EBITDA per metric tons of Rs. 22,000 to 25,000 per metric tons for the past three quarters, we would like to revise our EBITDA guidance for the year to Rs. 21,000 to 22,000 metric tons from Rs. 16,000 to 18,000 per metric tons. While prerogative remains on ensuring volume growth given the slowdown in volatility, we are witnessing globally meeting the previous year's volumes should be good. Having said that we aspire for a 2% to 3% volume growth. But for that to happen we need a more conducive demand environment.

While we never issue any half-yearly or yearly guidance, this is being done to give a true picture of the current situation. Going ahead we will always aspire for a 6% to 8% volume growth with EBITDA growth being 300 to 400 bps above it and ROCE of a minimum 22%. The structural framework that has enabled our growth over the decades remains the same and volumes are an integral part of it. To conclude ladies and gentlemen, it is said that the successful warrior is a man like no other with laser like focus and it is this laser like focus great defense in terms of risk management and an optimistic approach that will ensure your company continues to march ahead.

Thank you very much once again ladies and gentlemen. Thank you. Now over to you for your questions.

Moderator: Thank you. We will now begin the question-answer session. We have the first guest on the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: I have got few questions, this time more than two probably. First on the emerging business model. We have changed our guidance for EBITDA and volume, one for better and one for inferior from the long-term perspective. Do you think this model sustaining more than FY23? Will this even flow to FY24 because you also made a commentary that Egypt may take another three to four quarter to stabilize? That means a significant portion of FY24 volume again is at a risk. Considering a low volume growth scenario and a better mix in favor of India and ROW. Do you think this higher EBITDA sustaining beyond FY23? That's number one. And number two, do you also see that this could be a more emerging model in a longer term than the volume growth? Is that a possibility or would we want to go towards more volume growth than in higher EBITDA? How do you see the model?

Unnathan Shekhar: Good Sanjesh. See as we very clearly said we want to grow ahead of the markets in terms of volumes. That is a fundamental structure on which we would like to operate. Nobody can forecast the future regarding the industry's growth or decline. Of course, however we do believe that these are short term bricks The long-term story is very much intact. We would expect once some stability comes into the world scenario, the volumes will pick up with respect to all the segments whether it is Mass, Mass-tige or Prestige. So, to your second question the answer is, we would always like to focus on volumes because we need to grow with the industry and grow ahead of industry on all segments of personal and home care. Whenever the volume growth happens in a normal or a secular trend, our EBITDA per ton will automatically adjust itself. So however as I've told you multiple times, the EBITDA per ton will securely move up because as the world gets to become more and more premium as penetration increases more and more, the requirement of specialty ingredients will increase. So that's the answer. I hope I have answered your question.

Sanjesh Jain: The first of the question was also related to how you see FY24 more near term?

Unnathan Shekhar: We cannot really predict. As I said so many things can happen. We wish that the world returns to normalcy and you have growth in all categories and classes.

Sanjesh Jain: Just to add that, what worries me a little bit insight, AMET continues to struggle for us. Egypt's market as you rightly said, the local guys are gaining the market share and this time the drag looks like it's longer than what has happened 2 years ago or 3 years back. Number two, Europe continues to struggle. One of your peers in his call said that the preservative non-toxic preservative which they sell in Europe, they are seeing a headwind there. If these two happen then we are looking at risk in both the volume and margin, right?

Vaijanath Kulkarni: So, this is Vaijanath here. Thanks for this question related to AMET and Egypts because the numbers express the concern. But we need to understand what exactly is happening in that part of the world. You might have noticed that last 6 to 9 months consistently, specifically now I am talking about Egyptian government because that is a significant share of our AMET market. The government's entire influence was to drastically reduce the imports and put barriers because this currency was under pressure. IMF was negotiating with Egyptian Central Bank and this phase was more or less a replica of what happened in 2016 if you go back and check., the availability of foreign exchange was completely controlled and many of local, home and personal care industries though we produced and supply a significant amount of ingredients to them, they're also dependent on certain critical imported ingredients. They were chock-a-block in terms of getting things into the market. This was affecting the operations in almost all the customers in Egypt. Apart from that the supply chain has not fully restored in the region which we are seeing that is now substantially restored since last few months. We see that it is almost getting towards normalization. So, two important points that the currency, the devaluation now which was about to happen now that has happened, the event has happened, the currency has all flowed. The negotiations are over between the country and the IMF. This if we can correlate with 2016 exercise was similar. We had seen that it took almost 4 to 5 months for the market to fully absorb the impact and start resuming the normal demand curve. We expect it to more or less follow similar trends. This is what our interaction with our customers in that particular country has shared with us. The consumption of home care and personal care products per se, they are good in the country. The habits are seasoned. We don't expect it to follow any different trend than what happened in the last major currency change. As we have discussed, recovery should be visible in 4 to 6 months. The added factor is that the supply chain is good. Normalcy is experienced in the region, so that should also smoothen the accessibility of imported raw materials and normalize the market environment . Our prediction is based on that understanding. The only factor beyond anybody's guess is that the Ukraine-Russia war situation is affecting Europe. And Europe is close to the Mediterranean. Egypt is in that region. We will not be really able to estimate those impacts. We feel that more or less it is isolated. The energy costs are very much maintained in the country. I think things should normalize in 4 to 6 months' time. And Egypt constitutes to almost 35% of our AMET business. That has taken a hit and once that's restored I think we should come back more or less as far as our story in AMET is concerned.

Sanjesh Jain: Thanks Vaiju for that detailed answer. Just one related question to that. Now the peak AMET contributed at 91,000 metrics tons, we are at 65 this year probably, there about where we will close this year. So, we have lost close to 30,000 metric tons. We couldn't place that anywhere in the other geographies, Africa, Europe, or Latin. That's a very big loss of volume we have.

K. Natarajan: Natarajan here. That is the way we look at. If you look at entire Africa was also troubled with food inflation. They had their challenges because Africa's economies aren't doing that well. Import as we are getting material out, there are supply chain issues till almost June getting material out. Then the demand in those countries also were not conducive for us to place those volumes. If you look at previous because then the problem was only with local Egyptian currency depreciation, we had a good opportunity to be able to place those volumes into other markets in Africa and Middle East. Now this problem seems to be across Africa, Middle East. Turkey was again a bright spot, last time an Egypt market had an issue due to the currency depreciation. But even Turkey now is an issue with the way inflation and currency depreciation happened. This has been a very unique situation.

Sanjesh Jain: I got it. And any comments on Europe and your peers?

K. Natarajan: Sanjesh you know that we never give half yearly revised guidance, we have given for this year because we know that there is too much moving parts as far as the macroeconomic environment is concerned. But yes, we need to be giving some sort of proper guidance specific only to this year because we want the investors to have a good picture of what we see by the end of this year. But yes, if you ask me, we would like to be decoupled from the global macro environment and what happens in Europe in terms of bad demand. But it doesn't work that way. So, what is our objective very clearly, first is to prioritize volume growth and we need to grow higher of the market. That's very clear. If the global economy doesn't degrow, we need to see whether degrowth is lower than the degrowth of the global economy. That is one. Second, the EBITDA per metric ton is always a derivative of our business model. So, when a situation is there where there is a macroeconomic environment preventing you from going volumes in the 6% to 8% band the only lever available with us is to how do we now then look at various opportunities in terms of operational excellence, getting our costs properly done and then ensure that we are at least able to deliver that growth in EBITDA and that's what we've been doing. That is testimony to the capability of a team as also our business model. The way we manage risk, the way we manage our official Efficiencies is what is going to ensure risk. But yes, we want to come back to the 6% to 8% volume growth and EBITDA will be a derivative of that into the 16,000 to 18,000 per metric ton I've been talking about. That's what happened as AMET volumes pickup. If Europe again picks up pretty well, yes we probably will be at the higher end of the EBITDA per metric ton of 18,000 per metric ton in the subsequent financial year ‘23-24.

Moderator: We have the next question on the line of Rohan Gupta from Nuvama.

Rohan Gupta: I heard you that in terms of the margin guidance Rs. 21,000 to 22,000 per ton and though I understand the product mix may mainly drive it. Just want to have some more clarity in going ahead though it will be applicable for the current year. But the focus is as you rightly mentioned, more on volume growth. When we strive for volume growth and going for 8% to 10% volume growth trajectory in a medium term, do you see that it's necessary to dilute the product mix that will pull down the overall margin? I mean if we can maintain a Rs. 21,000 to 22,000 margin trajectory in the current scenario? Why you see that once the focus will be more on volume growth the margins have to come down and fall to Rs. 16,000 to 18,000 EBITDA range, so I just wanted to understand that is it necessary in the deterioration in the product portfolio, product basket or I mean why the margin contraction will happen?

Unnathan Shekhar : We want to again clarify our approach. For us EBITDA is not a target, EBITDA is a derivative. Our target is always the market, our customers we want to grow with the market, grow ahead of the market. That has always been our approach and that will continue to be the approach for the next number of years Galaxy is going to be there because it's important for us. Margin is the most important thing; customers are the most important things and volume growth along with the market. Repeat EBITDA is a derivative.

K. Natarajan: Rohan, we need to also probably keep in mind is that our objective will be in terms of growing in both the developed and the developing markets, growth in likes of both our performance surfactants and specialty care ingredients. That's where it will be. Now it is our effort, now how the way the market evolves, it's quite possible that once the growth starts coming back it's quite possible that you'll have performance products growing significantly better because it has been degrowing because your AMET will come back and then you will also have demand of specialty ingredients in rest of the world giving you momentum. So that's what I said. For us to be looking at revising guidance we need to see steady state. If it was a steady state in the global macro-economic environment and our efforts then we determine as to how we partake. But here in a situation where we are at the receiving end of the global macro-economic environment and we don't have a clear picture, we are always going to evolve in FY24. So what we are telling is based on what that is today given how we approach business.

Rohan Gupta: Got it. Second question on our specialty care product basket. I think Europe and maybe primarily US market primarily drive that market. There also this quarter we have seen slight dip in the volume. I understand in the surfactants market. I was saying that coming back on the specialty care product market, so I understand the performance surfactant, the pressure on volume but specialty care markets are more in a US and Europe driven market and there also in this quarter we see some weakness in volume. In this specialty care market where we have already added capacities in first half, I mean in the end of the last year probably that our operating leverage will not be playing here and utilization level will be quite low as of now. So why there is a pressure on a specialty care product market when in last 2 to 3 years we have seen that the specialty care has done very well and we have added many products and have also commissioned the additional capacities?

K. Natarajan: Yes correct. If you look at Rohan, is that the rest of the world which is majorly driven by specialty care ingredients market, if you look at it that as grown by almost 3.5% in the first half and if you look at quarter-on-quarter it's grown to almost 7% to 8%. But the issue that we need to be cognizant is that the major impact is because of the way Europe has not been measuring up. Yes, we do have the products, there are certain products in pipeline that were maturing but then people in the given scenario where the demand itself is another question people have taken a step back. This will come back once the sentiment changes. Finally any new product induction with specialty care ingredients requires the sentiment to be positive. Whereas US has been a bright spot in terms of specialty care ingredients because that has been holding up at least up to Quarter 2 and, Asia Pacific also has been stable. The concern obviously is Europe and all of us know why it is so. Once that starts turning around things will start looking better on the specific ingredients. We are ready now.

Unnathan Shekhar: Another very important thing to note is that macroeconomic environment with respect to inflation in these developed markets also impacts the sentiment with respect to consumption. That is one and number two, we also hear—of course this is not validated or proven that—all the major customers as well as the retailers like Walmart had overstocked themselves in the context of the supply chain issues which the world experienced and they are now reinventorizing as far as their pipeline is concerned. This will also have an impact for maybe a few months or so. Of course, I just wanted to tell you that this was what was told to us. We have not validated it as yet. These are the two primary, one is macroeconomic inflation impacting the sentiment of consumption and two reinventorizing the pipeline.

Rohan Gupta: We've seen a sharp fall in fatty alcohol prices went almost to $1,500, quite sharply corrected from almost $2,900 at the peak level. Somehow the correction in raw material prices is not visible in the inventories like our inventory levels are still at almost Rs 775 crores in September versus March. Also there has not been very sharp correction in the trade receivables, actually it has gone up. This raw material prices led to correction and falling raw material prices should have led to lower working capital requirement that is not visible. Just wanted to understand the primary reason.

K. Natarajan: What needs to be understood is that the raw material price starts correcting significantly since the end of May-June, so obviously, the contracts don't get one on one. So, you'll have contracts flowing through what you have done before the correction happened. The other thing so obviously, you'll start seeing the impact in the coming quarters in terms of the lower price of the inventory. The other thing also is that the pipeline's inventory was also enhanced, given the supply uncertainties that were there. Now that is also something that will start getting corrected. So, the receivables again are not reflecting because my receivables are based on what was sold in the month of June in the typically you will say about 60 days is our receivables position. They reflect what was sold even at the higher feedstock prices. You will see this reflecting in the coming quarters progressively.

Moderator: We have the next question on the line of Pujan Shah from Congruence Advisers.

Pujan Shah: Two questions from my side. First question would be can you give us the possible geographical volume for H1?

K. Natarajan: Split of the volumes is something that we typically something that we don't want to be talking now but that's something that we want to keep it with us. We only talk about the category of customers and Tier I-Tier II and Tier III.

Pujan Shah: My second question would be on the previous call that US has been a pretty good demand we are seeing. We are seeing a pretty good demand on that part and currently we are saying that the US demand has been currently at stable point of view. Are there been inflationary point of view, they are waiting for couple of months to stabilize and then start for the distribution or something like that or it's been like the US has been pretty strong currently as well?

K. Natarajan: If you split that its last year same time US was extremely strong in terms of demand. Now that is got little bit tempered. The US is not as sentiments are not as negative as what we have seen in Europe. We need to wait and watch how things will pan out in the US. At least untill Quarter 2 when we have been speaking to our customers in US; they have been not that very negative although they did say that they are seeing correction. As Shekhar also explained earlier there is inventory correction happening in the US by retailers like a Walmart or a Target which is getting passed on to everyone in the value chain. That may be an issue that needs to be kept in mind. Now, whether the consumer demand will turn negative in the US, we need to wait and watch. We are not seeing such integration as of now.

Moderator: We have the next question from the line of Jasdeep Walia from Clock Vine Capital.

Jasdeep Walia: My question is about the betaines part of your specialty portfolio. What I wanted to understand is, is it the slowest growing part of the specialty portfolio and if yes what are the reasons behind the same? Is this also one of the reasons why this growth in specialty has been low over the last 1 or 2 years?

K. Natarajan: There is nothing something like that. I don't know, how did you come to that conclusion?

Jasdeep Walia: Betaines it's growing at around 6%-8% kind of volume CAGR as the other parts of the specialty portfolio?

K. Natarajan: Correct but I cannot understand because we never specifically talk about each product within the category so I won't understand from where you get this your information on betaines degrowing and that being a problem. So, then I'll be able to answer your question.

Jasdeep Walia: Broadly spoke to people in the industry who gave.

K. Natarajan: So that is not right. It may be specific to them. That again I think you probably need not keep that in your mind.

Jasdeep Walia: My second question is on the APG class of surfactants. I understand that Galaxy is not present in this market, whereas this market is much bigger than the ammino acid-based surfactant. What are your long-term plans with respect to launching production in this market?

K. Natarajan: Yes, mild surfactant is a strategic category for us; a significant part of our specialty care ingredients portfolio. APG is one of the mild surfactants and yes that is on our radar and at the appropriate time we'll be able to tell the market as to what our plans are about that. As of now we will not like to be talking about what we're thinking on that.

Moderator: We have the next question from the line of Rohit Nagraj from Centrum Broking Limited.

Rohit Nagraj: In terms of the customer product commercialization due to the current issues and inventory destocking, have there been any delays from their end and probably that will have some consequent impact on our volumes?

K. Natarajan: There are which I did explain earlier in response to a question on similar lines that yes, the sentiments are not as bullish as it was the same time last year. Certain projects are getting a little bit pushed. Earlier, we had an issue because of COVID. On the supply side, some of the projects in the pipeline got delayed. Now there's a demand sentiment has turned negative we do see some, there have been some that have moved well, some of them will see some delay. But overall, what is critical is that we are ready now with our capacities and ready to serve the market movement, the demand starts, and sentiment starts picking up.

Rohit Nagraj: The second question is in terms of India growth. So, the volume growth has been again relatively muted and fortunately there are no headwinds faced by other global countries in India. Is there any possibility of this India growth accelerating to maybe 8%-10% and what could be the levers for the same?

K. Natarajan: So, one thing is I don't know you have mentioned that India growth has been muted. Now is it India as an economy or Galaxy's India business? So, I wanted to understand that.

Rohit Nagraj: I said that it is about 6% as of now.

Unnathan Shekhar: Right. We want to share your optimism. We would wish that India grows at even much-much faster rate.

K. Natarajan: And that will be good. So, India's economy is in a very bright spot and we would like it to get better and better.

Rohit Nagraj: Just one last clarification. So, you mentioned that our focus next year would be on volume growth which could have a…

Unnathan Shekhar: For next years, for years…..

Rohit Nagraj: Generally, right.

Unnathan Shekhar: For next years, for all years.

Rohit Nagraj: Right. It will be predominantly on volume growth, and the EBITDA per ton would be the same derivative. So, this year since the volume growth seems to be muted and the EBITDA per ton is higher; next year given just mathematically speaking would the performance be more or less similar to FY23 given that we have the volume growth which we are targeting?

K. Natarajan: Yes, you're right. I would be happy if the business followed the rules of mathematics but unfortunately it is not so. So, what is important is we being ready. We understand the markets, our deep customer engagements and able to ensure that we are able to get, keep growing our volumes with them, be ready with our supply side capabilities and yes, the EBITDA as a derivative will obviously be good. The issue is that we need to be very clearly focused on our strategy. Only thing is that the external environment has to be conducive which has not been on the demand side for the last 6 to 9 months. We do hope that these things everything has to come to an end so even this particular negative sentiment on demand side should turn around and then we are well positioned to be able to grow our volumes to the 6%-8% range that we've been talking about.

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

Sanjesh Jain: Couple of bookkeeping questions. First on the employee cost inflation. It's quite high for last two to three quarter on a YoY basis even in the standalone India. I can understand from outside India given the currency movement but India inflation remains quite high. So what's leading to this employee cost inflation? That's number one. Number two is on the tax rate, now India minus, consol minus standalone if I do a subsidiary numbers there again the tax rate is around 15.5%. AMET is a tax free for us. It's all what we are paying tax in America and that means around 50% of your PBT is coming now from US and the contribution from AMET has significantly come down and is that leading to the tax rate going up in the subsidiaries business?

Abhijit Damle: You are right the employee cost has increased. I mean the primary reason is the normal increase in the employee cost year-on-year plus you have already mentioned the reason of currency depreciation which gets translated I mean the translation of subsidiary companies into INR and the other part is we have recently I mean last year if you see we were into two projects into the pre-capitalization stage. Now we have those projects up and running. Additional manpower for the two projects have also been flown in the P&L this year. And your next question on tax…

K. Natarajan: And other thing also is Sanjesh last year base if you compare the variable pay was not provided for based on the muted performance, we had but this year the variable pay and commission for the employee is eligible for that have been provided.

Abhijit Damle: Tax rate you rightly mentioned is basically the subsidiary tax rate will be depend upon the composition of the Egypt and Turkey profitability. Egypt being a no tax zone and accordingly that variation will always be there.

Unnathan Shekhar: Overall the corporate tax rate in India is 25%. For US again it is over 25% and Egypt is zero.

Sanjesh Jain: So, US is a 30% tax rate or more than that?

Abhijit Damle: No, it will also be around 25%.

Unnathan Shekhar: Around 25%.

Moderator: We have the next question from the line of Rohit Sinha from Sunidhi Securities.

Rohit Sinha: One question is on the CAPEX pipeline for FY23 and FY24. Secondly just trying to understand the volume outlook. If at all right now as we are talking about the Europe slowdown and which is impacting the volumes so considering these things get prolonged for maybe 6 months more or 1-year. What would we be targeting at, whether we would be looking at a lower, operating at lower utilization level or to address the new market from whatever our production level would be?

K. Natarajan: First on the CAPEX so I think FY23-24 also typically our CAPEX per annum has been close to Rs 150 to Rs 175 crores. That is essentially be continuing into FY'23 to '24 as well. Now our capacity utilization is about 67% to 68%. We don't expect that to be significantly different next year unless the demand environment corrects much more significantly and yes, objective, is to ensure we grow ahead of the market and we want to stick to our volume growth target of 6% to 8%.

Rohit Sinha: 6% to 8% right now as we are seeing this European situation as well. Taking into account that…

K. Natarajan: What is happening in Europe is only known to us after things have happened but we need to be movewith what we want to target. The objective is to see which markets we can garner, which new customers we can add on. That is a constant effort that we do because our key objective is to grow ahead of the market. When we say we want to grow at 6% to 8%, the market has to grow at least at 3% to 5%, correct. We do expect that things should turn around. The demand environment should become conducive to start growing at those levels and yes, we want to be targeting that which drives our business initiatives in terms of our desire to grow volumes at 6% to 8%.

Rohit Sinha: So that is what I was trying to understand if at all in case Europe's situation gets worse or still going to impact our volumes so which region would be our next target to maintain this kind of volume growth?

Unnathan Shekhar: Galaxy, as you know, sells its products across various regions in the world. As you know the general macroeconomic sentiment across the entire world, there's a high level of inflation impacting the consumption sentiment which is what we need to be aware of and alert about. So out of all these things what we have seen as a bright spot is, one is of course India and number two USA. Even in these two countries the sentiment vis-à-vis inflation is not as encouraging as it was in the first two quarters of this particular year. We have to wait and watch for this particular quarter that is September to December as well as January to March.

Moderator: We move on to the next question from the line of Ajinkya Jadhav from Kamayakya Wealth Management.

Ajinkya Jadhav: We understand that the raw material prices have gone down. Will they continue to go down for the let's say FY23-24 or will they stabilize at this point at this price level?

K. Natarajan: We don't have a crystal ball in front of us but what we can only understand is that if the global demand is going to be not very robust you suddenly have commodity prices being lower, and raw material prices would be lower in sympathy with the commodity prices being down. But we need to wait and watch. As of now we cannot make a clear statement on that. Our objective is to ensure that we have to manage the highs and the lows in a way that we don't have any risk flowing into the P&L. We are very conscious about but we don't have any clear statement on how are the raw material prices will be in the next year.

Moderator: We have the next question from the line of Rohan Gupta from Nuvama.

Rohan Gupta: The volume growth guidance you're talking about for the current year is 2% to 3%. I understand that is for the full year because our first half has almost been close to negative 4% volume growth so we're still looking 2% to 3% for full year volume growth, right?

Unnathan Shekhar: That is what we are aspiring for with a caveat that the demand environment has to turn conducive so that is what we are aspiring for.

Rohan Gupta: Second is the poor performance and the pressure in the AMET market. Just to dwell a little bit deeper so in AMET its mainly because of the Turkey we are facing all these issues, that market is continuously pulling down because of the country itself is facing multiple challenges or you see that the even Africa and Middle East are also contributing to the similar way in terms of the poor performance of AMET region?

Vaijanath Kulkarni: As I explained before Egypt and Turkey contribute a significant share of the AMET region volumes as far as and then in that I explained the Egypt case in detail. So, we expect the currency has now settled, the free float is there, the foreign exchange availability has started to ease out, the supply chain situation has almost coming to normalcy. So, based on our past experience of 2016-17 we expect the volume recovery should start in 3 to 6 months' time frame to come to its normalcy. Turkey also has undergone similar severe inflationary pressures. Currency has almost devalued more than 100% over a period of years. It had seen an impact progressively getting built up over a period of 9 to 12 months; not that it has happened suddenly but now we feel that it has come to some state of equilibrium as far as the country is concerned. Since two countries contribute something like 60%-65% of our total volume, we believe that in the next 3 to 6 months' time the recovery of volume should be visible very much. Turkey also is an attractive low-cost export destination in European market. They don't have any significant energy crises. So, we believe that even Turkey should start to catch up with their export businesses into the rest of Europe is concerned; in turn our export to Turkey should also resume its normalcy. So, I think that governs the significant story for us in AMET region. A specific point to rest of the countries in Africa is concerned they have also undergone not equivalent depreciation of their currencies but there are visible sense of inflationary pressures. The food supply chain has been disrupted because of the Russia and Ukraine war. To an extent there is a dis-equilibrium in terms of demand there but is not as severe as we have seen in Egypt and Turkey market. A significant amount of our recovery will continue to depend on the Egypt and Turkey market and we just express that the time frame we believe is something like 3 to 6 months based on our past experience. We have to wait and watch how Europe's situation further settles down so that's how we look at it.

Rohan Gupta: You mentioned Egypt plus Turkey put together roughly 60% to 65% of your total volume or it's the AMET's volume?

Vaijanath Kulkarni: We are restricted to AMET as the region.

Rohan Gupta: So, 60% to 65% of the AMET volumes come from Egypt plus Turkey?

Unnathan Shekhar: No, we wouldn't like to what is called give those break ups.

Vaijanath Kulkarni: So, Egypt and rest of AMET so Turkey is one of the significant.

Unnathan Shekhar: They contribute a significant proportion of the AMET region business.

Rohan Gupta: Earlier you used to share the regional breakup. I'm not asking for the particular current quarter but can you to share the revenue mix of India AMET and RoW now?

Unnathan Shekhar: I think we have already done that even in our presentation which we have filed. It is the share of India, AMET, I think the rest of the world is 40-28-32 for the first half. 40:28:32.

Moderator: We have the next question on the line of Rohit Sinha from Sunidhi Securities.

Rohit Sinha: Just follow up question that in terms of pricing scenario right now since we are seeing the inflationary pressure across the world so how are the contracts with our customers getting revised and is there any particular cycle in which is there or is it is a mix of 6 month or annual contracts which getting revised regularly?

K. Natarajan: Without specifics typically these things get revised quarterly and then that's normal. There's nothing different that we're doing in the current year.

Moderator: Thank you. That was the last question. I now hand it over to the management for closing comments.

Unnathan Shekhar: Thank you all ladies and gentlemen. Have a very good day. Thank you very much once again.

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