Cosmo First
Ahead Always

CFL/SE/2024-25/FEB/11 **February 19, 2025**

The Manager (Listing) BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 **Scrip Code: 508814**	The Manager (Listing) National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block, Bandra – Kurla Complex Mumbai-400 051 **Security ID: "COSMOFIRST"**

Sub: Transcript of Analyst/Investor Earnings Call

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed the transcript of Analyst/Investor Earning Call held on February 12, 2025.

The same is also available on the website of the Company at the below mentioned link:

https://www.cosmofirst.com/investors/investors-presentation

You are requested to take the same on your records.

Thanking You

Yours faithfully

For **Cosmo First Limited**

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Cosmo First Limited
Q3 & 9M FY25 Earnings Conference Call

12-February-2025

Moderator: Ladies and gentlemen, good day and welcome to the Investor Call of Cosmo First Limited to discuss the Q3 and Nine Months FY25 Results.

Today, we have with us from the management Group CEO Mr. Pankaj Poddar and Group CFO Mr. Neeraj Jain.

Starting off with the statutory declaration. Certain statements in the conference call may be forward-looking. These statements are based on the management's current expectations and are subject to uncertainties and changes in circumstances. These statements are not guarantees of future results. As a reminder, all participants' 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 "*", then "0" on your touchtone phone. Please note that this conference is being recorded.

Now, may I request Mr. Neeraj Jain to take us through his opening remarks after which we can open the floor for the Q&A. Thank you and over to you, Neeraj sir.

Neeraj Jain: Well, thank you very good afternoon, ladies and gentlemen. I am Neeraj Jain, Group CFO at Cosmo First along with my colleague, Mr. Pankaj Poddar, Group CEO at Cosmo First.

Our Financial Results for December '24 quarter, and investors' presentations are available on the company's website. We will first discuss a brief on the performance of the company for the quarter, which may be followed by the questions.

Beginning with the financial results: Consolidated sales for the Dec 2024 quarter is Rs 701 crores which is higher by 12% from Dec 23 Quarter primarily due to higher volume by 7.5%, higher speciality sales and better margins

The EBITDA for the quarter is Rs. 86 crores compared to Rs 56 crores during Dec 23 Quarter. The improvement in EBIDTA from Dec 23 Quarter is backed by higher specialty sales, enhanced volume and better BOPP and BOPET film margins.

The Company has reached speciality sales of 73% of total volume in Q3, FY25 and 71% on Dec 2024 YTD basis as against 64% in FY24. You will notice, step by step, the Company is improving on speciality sales. On Dec 24 YTD basis, we are running 14% higher speciality sales in volume terms.

BOPP margin has been running close to Rs.21 per kg during December '24 quarter, which was Rs.25 per kg in September '24 quarter and Rs.9 per kg in December '23 quarter.

If we compare with September'24 quarter, the net revenue and margins are lower due to temporary breakdown in one of our production lines, which caused production loss of close to 5%. The BOPP margin has also witnessed pressure for a few weeks in December'24 quarter with some capacity commissioning in the domestic industry, though it recovered fairly fast due to strong demand. Q2FY25 also had one time income of close to Rs.9 crore due to sale of one of our office space and state government tax incentives.

BOPET vertical (about 15% of Company's sales for Q3, FY25) has witnessed better margins and posted EBITDA in mid-teens during Q3, FY25.

Moving into outlook, though the BOPP base film margins are expected to remain little subdued in FY26 due to expected capacity addition in the domestic industry. However, we are optimist and excited about four factors:

- First is improvement in sales of specialty films. So there are several new products in pipeline which are expected to get launched in the coming quarters. To further improve the specialty films.
- Number two, cost rationalization, we expect incremental cost rationalization of close to Rs.25 crore in FY26.
- Number three, the new capacity kickoff for the BOPP, CPP and sun control film, which will add to top line and bottom line from FY26. Just to indicate, Even if we initially partly shift production of some aged production lines to new BOPP line, the gross margin of new line should be in double digit due to lower cost of production (although we do not expect the much need for the same except for a few months at the beginning). Both BOPP and CPP lines will be the world's largest production capacity lines and will increase company production capability by close to 45% to 50%.
- The fourth factor, among the new business vertical specialty chemicals, is already making high yield EBITDA. All other new business verticals related to packaging should be EBITDA positive in FY26 except B2C business, which may take some time. Even among B2C business, we expect sun control to be EBITDA positive from FY27.

Moving to Specialty Chemicals:

The specialty chemical subsidy is advancing well to achieve high yield EBITDA and more than 30% return on capital employed in FY25.

Rigid packaging, we started rigid packaging vertical under brand name Plastech in second half of FY24 which is related to packaging industry. The business vertical is going well with the addition of injection molding and pet sheet line in FY25. The vertical is moving in line with the plan and we expect more than Rs.120 crore of top line with positive EBITDA in FY26 from rigid packaging.

Moving to direct-to-consumer vertical Pet Care:

Zigly recently we have launched multiple private brands and enhance our vet care services, which favorably impacted top line and margins for the December '24 quarter. Our business model is moving more towards services and private labels, which is a high margin business.

Moving to growth and net debt position the company's

The Company's capex in FY25 is estimated to be about Rs 430-450 cr majority of which is already done at Dec 2024. The capex is mainly on BOPP Line, CPP Line and some projects to enhance speciality sales. The financials remain strong, the company's net debt position is close to Rs.900 crore which is 2.6 times to EBITDA and 0.6 times to equity.

Ms Yamini Kumar (Jaipuria) has been appointed as Whole time Director (Corporate Strategy, ESG & CSR) for a period of 5 years. The appointment will take effect from the date of allotment of DIN by Ministry of Corporate Affairs. With this, I will take a pause, and would like to open the call for questions please.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on the touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Rahul Jain from Credence Wealth. Please, go ahead.

Rahul Jain: Thanks for the opportunity, sir. Sir, just to understand with regard to the Specialty Chemicals, our target is to be around 70%, 71% for the current year, and more to 80% for FY26. So if you could break this further into the specialty and the semi specialty, and also if you could share margins in terms of EBITDA percentage for specialty and semi specialty? That is my first question sir.

Neeraj Jain: You are referring to the specialty films actually. So with respect to bifurcation into specialty and semi specialty, broadly it's 50:50, peer-to-peer or quarter-to-quarter there may be some minor changes in this ratio. While 71% is the YTD number for December 24, we are targeting the medium term to reach to 80% but this obviously will be excluding new capacity for the BOPP and CPP, which will take little time actually to expand specialty further on the new line.

Rahul Jain: So at 80% also this semi specialty and specialty will be roughly 50:50?

Neeraj Jain: Yes, it's broadly 50:50.

Rahul Jain: Sure. And as we move to the 80% volume, you have mentioned in your presentations that each 1% shift could add about four to five crores to EBITDA. So assuming that from 70, we are at 80 for FY26 can we expect this incremental EBITDA to be in the range of around 35, 40 crores because of the shift?

Neeraj Jain: Should be.

Rahul Jain: So in terms of your outlook, in your presentation you have mentioned about growing your top line 20% CAGR for next three years. So this is with the base of FY25 it should be around 2800 crores?

Neeraj Jain: Yes, or maybe a little more actually, because we are going to commission the world's largest BOPP line, and we expect this to get commission in either first quarter or second quarter of FY26. So, this should add close to 40% to the existing capacity. So the answer is yes, top line may grow little even faster.

Rahul Jain: Sure. Last question, sir with regards to margins. So your presentation and your initial commentary you mentioned about margins, but when I exclude the other income, our margins are somewhere around 9% for the current quarter versus 11.5% for the previous quarter. What I am looking for is not the quarterly comment. What I need to understand is given the shift to specialty % increase, and also the cost, including the renewable power where you expect around 25 crores incremental EBITDA coming in due to that, and also the further rigid packing becoming profitable, especially chemicals giving you larger profits. So from 9% EBITDA margins excluding the other income, where do we see these margins moving up, say next year and a year afterwards?

Neeraj Jain: Well frankly, in principle we do not provide any future guidance, but all the factors which you mentioned either cost rationalization or specialty chemical and the enhanced volume, are going to favorably impact these current EBITDA level, so all the reasons which you mentioned are valid.

Moderator: Thank you. The next question is from the line of Gaurav from Invesco Enterprises. Please go ahead.

Gaurav: Thank you for the opportunity. I hope my voice is audible.

Moderator: Yes, it is.

Neeraj Jain: Yes, go ahead.

Gaurav: Thanks a lot. So, sir a couple of clarifications. I will not ask for any of the future projections or outlook, but some of the clarifications that is either happened in the past or in the recent quarter which are just concluded. So there was news that management did Bhumi Pujan at a site, but in press release or presentation there is no talk on that. So if you can just help us understand whether it is an existing plant or some new plant that you are building up, and for which product line if it is a new plant, that new product line is going to be established in that plant, and what would be the size and some color on basically this new expansion or new site that is the first.

Pankaj Poddar: It's a 62-acre land which has been purchased by us. This would include growth for all of our different business verticals. Obviously, it would not happen in one year, two year, it would happen over a period of time. And to begin with, we will be putting up one coating line over there, which should get commissioned in the next financial year.

Gaurav: That's great. And also in press release, you mentioned that there was a breakdown in one of the line and considering the impact, though 5% seems to be small impact, but considering that the breakdown was just in a one single line out of almost 35 different lines across different products that we have, so if you can help us understand what was the product line in which this breakdown was, what was the date when this breakdown happened, and what was the duration of this breakdown, if it is possible to provide this clarification?

Pankaj Poddar: This happened on one of our film lines We obviously have filed the insurance claim for this loss on profit, which right now is not accounted for, which we are planning to account for on cash receipt basis. So we expect that some of this loss should get recovered from the insurance company. Initial survey has happened, and insurance claim is in process.

Gaurav: That's great. We also mentioned that both film margins were impacted in the quarter gone by due to certain commissioning of capacity in the domestic industry. Since you track the industry much more, vis-vis we as an investor, track the industry. Would it be possible for you to let us understand what was the quantity of this domestic capacity, which has been made live, and who was the player, who commissioned it, and your views on upcoming couple of lines also because, one of the Kolkata based player Dhanashree Group, they have also announced that they are going to make two BOPP capacity live, in the region of Jammu and Kashmir, maybe in a year or two. So your assessment on the impact, so I just combined two questions into one, or two clarification into this single one.

Pankaj Poddar: So one BOPP line came in the last quarter, which was KG FLEXX. The capacity for that is anywhere between 25 to 30,000 tons. And as we mentioned that the demand has been going well and there was a temporary blip in margins, but it recovered fairly fast because the demand has been growing. In the next financial year, there are five new lines, including our expected to commission out of which three lines actually are bigger lines and two are relatively smaller lines. And then, as you rightly pointed out, Dhanashree is planning in FY27 and FY28 as per the news that is available with us. So yes, right now next year, there is a bit of bunching of these lines which can impact commodity margins. But my colleague Neeraj has already talked about a lot of actions that your company is taking to ensure that we remain strong.

Gaurav: Sure, sir. So within this when we are saying that our BOPP line which is going to be commissioned either in Q1 or Q2 of next financial year, having a nameplate capacity of, almost 67,000 tons per annum and we say that we will be the lowest cost producer. So, if my understanding maybe you can correct me, most of these lines are manufactured by one of the genuine player only. So when we say that we will be the lowest cost producer, which will give us an advantage in terms of competing in this highly competitive market, which is assumed to happen either in one year or two year down the line at least. So what gives us that confidence that first, we will be able to fulfill our capacity or improve our capacity utilization and also sustain margins to have it is a profitable venture?

Pankaj Poddar: Yes, so see our line is the widest and the fastest with the highest output. Amongst all the five lines that are going to be installed, our lines will have a lower operating cost or lower variable cost from anywhere between Rs.2 to Rs.4, Rs.5 per kg vis-à-vis other lines that are getting installed, so that is one thing. As far as the sales of products from this line we are quite confident because we are growing very nicely in the export market this year we have grown close to, a bit lower than 20% in this year. And the second thing is that, right now our market share in the domestic market is very small. We have to kind of keep refusing to many, many customers on an ongoing basis in the domestic market. And given our reputation, customers like to buy from us for domestic needs and their export needs. So we feel that we will get preference in the market, and our line should get filled up, both with domestic and export, happening going to happen in the next year.

Moderator: Thank you. The next question is from the line of Nirav from Anvil Wealth. Please go ahead.

Nirav : Sir thanks for the opportunity. So just carry forwarding the earlier participants answers and the question. So, if you can just elaborate more on the recoupment of the operating profits from possibly any loss in the margins from the incremental BOPP lines which are coming on you touched upon on cost rationalization measures which could give us incremental 25 crores to 30 crores plus the variable cost savings on the BOPP line by close to around Rs.2-5 per kg. But let's say if all the lines are getting commissioned in FY26 and that could possibly put some of the pressure on the commodity film margins. How, confident are we in terms of recoupment of this lost margins from this newer lines getting commissioned, if you can touch upon the other verticals also like in terms of Specialty Chemicals and the rigid packaging, what sort of EBITDA or the sales we can do in FY26 so that the impact of these lines could be lesser, or possibly if we can negate those impact of commodity BOPP lines?

Pankaj Poddar: So see at this stage what we expected, that next year EBITDA, in spite of the fact that margins will be under pressure should be better, because this is one is a very significant capacity addition, and we stay strong because of a very large specialty portfolio. And other cost reduction measures as well as the new line is far more cost efficient. We must also remember that Cosmo, because being the pioneer also has some very old lines, and it is always possible for us to temporarily shut down those old lines and if we compare the cost versus those old lines for the new lines. The cost delta is Rs.15 plus. So even if we have to lost some old volumes to recoup the new volume we will be very significantly plus on the cost side. Other than that, Cosmos Specialty Chemicals is doing quite well, as Neeraj mentioned earlier. We should be closing the year close to 190 crores at a very healthy, close to 20% kind of an EBITDA numbers. Other than that, we also mentioned that Plastech, which was a new business and was making losses, will be close to break even now, and we expect to make profitable growth next year. So that is also on the plus side. Third thing is, if you have seen Zigly this quarter sales has gone up in last eight months. We have significantly ramped up our sales and reduced our losses. So this journey will continue even in the next year when it comes to Zigly business. And we will also be starting a window film business which investors know that it is again a very profitable business. Obviously, we do not expect to make money within the first year, but it is a business which is high margin business. So we have seen lot of good things happening in the business and the other thing is that our US business, and some of the other America business that we have been doing which is more profitable, similarly Japan, these are very difficult geographies where over the years they have built very strong markets. And these markets are expected to grow for us, so within USA and Japan itself we expect a very, very significant growth based on the businesses that we have won recently, and many of them are in the pipeline.

Nirav : Sir last quarter you mentioned that, the run rate of sales from US and Japan could possibly, like we were at a run rate of $40 million and that could possibly go up to $60 million in FY26 or possibly from Q4 of FY25 because we were in the last call and you were mentioning that comment. So is this incremental $20 million at a slightly higher margin that what we have been currently doing for the $40 million I just wanted to understand from you in terms of what are the levers for our growth for FY26 apart from what you already mentioned.

Pankaj Poddar: So our current run rate has already started touching close to $5 million for both these countries put together, and we expect that they should start touching $6 million within next three to six months. And as you rightly pointed out, these markets are highly demanding markets, and we largely sell only specialty films in these countries, and therefore the margin profiles are much better in these geographies versus the other geographies. It's very, very difficult to enter either America or Japan, but in both these countries we are now a very well-established brand name, and therefore more and more customers are looking to buy from Cosmo.

Nirav : Correct. Sir just two clarifications, so one that Rs.2 to Rs.5 of savings in the variable cost which you mentioned is as compared to the similar lines getting commission along with us. But Rs.15 is as compared to the older lines, what we have been currently.

Neeraj Jain: The understanding is right. If compared with our aged lines, the cost of production for most of the products should be lower by Rs 15/- per kg. The cost of production will be lower by Rs 2 to Rs5 per kg if compared to recently added lines in India.

Nirav : Okay, it's a big number, correct. And the second clarification on the sun control films, which you mentioned that there also we have been confident in terms of growing the business. So, let's presume that the business starts picking up for us at what level of sales that business could give us break even?

Pankaj Poddar: So we anticipate that once we cross between window films and paint protection film, once we cross the sale of 30 to 35 crores, we will start making money. And just to, without sharing too much details, we are also in the process of adding more product lines. Because, we have created a very decent distribution channel, we have created a very strong sales team, so we will not be limiting ourselves to just two product lines, we would like to launch more product lines. And our speed of innovation is quite decent, and therefore we will be bringing in more product lines to sell in the domestic market.

Moderator: Thank you. The next question is from the line of Jatin Damania from Swan Investments. Please go ahead.

Jatin Damania: Thank you sir for the opportunity. Sir, I have a couple of questions. So what is the current spread for BOPP, like you mentioned Rs.21 per kg in December. So what is the current spread that is ongoing for Q4?

Neeraj Jain: It has marginally improved as we speak.

Jatin Damania: Okay, sir that's great. And sir the same question is for BOPET, what is the current spread?

Neeraj Jain: There also it is marginally improved from the last quarter.

Jatin Damania: Sir in the earlier participants question you indicated that the Specialty Chemicals would be almost around 190 crores of revenue and 20% of the EBITDA margin. So that's for the FY25 but how do we see a ramp up happening from the specialty chemical front for the next two to three years?

Neeraj Jain: See the research driven business completely as we know that the CAPEX invested in this business is very less. All I can say is that we have made a very good product that we expect to scale up quite well in the next two years. Second is, there are two more other products which are expected to be commercialized in next three to six months. Once these are done, we will share more details, but with all these things, it's very difficult to put a number, but we are expecting to see a good growth, both in revenue numbers as well as profitability.

Pankaj Poddar: And just to add to it actually, this organic growth of our specialty film segment, the growth of the Specialty Chemicals will get all benefit with the growth of the specialty film.

Pankaj Poddar: And the beauty is that for all our internal sales, we are also somehow making sure that we make very difficult for the competition just to copy things from us, this used to be a bit easily earlier to that extent we are adding more processes around it.

Jatin Damania: Okay. And the second thing now assuming that if current performance you indicated at BOPP and BOPET spreads are marginally better than what it was there in the December quarters. So assuming that we do a quarter two numbers of 87 odd crores of EBITDA, including other income, so for FY26 you are saying that we will get an incremental benefit of 25 crores from a power saving, and there could be some operating efficiency which we can get because of a commissioning of a new line, which is in a range of two to five, is it fair to assume that?

Pankaj Poddar: That's right.

Jatin Damania: And how do we see a ramp up in the rigid packaging, definitely we have seen the loss, and the margin has been narrowed on the lower end. But if you look in the FY26-27 what shall one assume on the rigid packaging front?

Neeraj Jain: Rigid packaging next year we definitely expect this business vertical to exceed 80 crores of sales. And as we said earlier that we do expect to make EBITDA positive, obviously for journey in itself. And, once we start getting more confidence on this business, we will be then subsequently looking forward to scaling this up, invest more on this business because right now we have scaled up with many reputed brands of the country, and in the times to come, we are also looking to export these products outside India. So within India, we have been successful with so many brands and in the times to come we will be exporting these products.

Jatin Damania: And last question, can you help us understand what was the EBITDA loss in rigid and the Zigly for nine months?

Neeraj Jain: Well for Zigly, you can also case it in the others in the segmental reporting. So it should be close to exhibit level should be close to 27 crore. For the rigid packaging, it could be about 4 to 5 crore.

Jatin Damania: Sure, sir thank you. That's all from my side, and all the best.

Moderator: Thank you. The next question is from the line of Aman Kumar Sonthalia from AK Securities. Please go ahead.

Aman Kumar Sonthalia : Good afternoon, sir. A lot of companies are exporting BOPP and BOPET to European countries and US. So right now, US is putting import duties on lot of products. So is it advisable to set a plant there instead of setting plant in India?

Pankaj Poddar: See, first of all, In US not many companies are able to export. It's a difficult market to export from India. As of now, the custom duty in America for Indian made products is a little less than 5%. Hopefully there will not be any significant duties that US will levy on India. But if these duties exceed 30%, 40% then there could be a business case. But we have to see lot of things, what duties are levied on Mexico, what are levied on India, if at all and so on, so forth. And again duties should never be a rational for starting up a plant, because if next US regime, they remove these duties, then all these investments can have a very detrimental impact. So these short term decisions should not influence our long term thinking, and I don't think so based on this we would take a decision to set up a plant there, because the capital cost involved in America is far higher than capital cost involved in India.

Aman Kumar Sonthalia : Okay. So, sir a lot of companies like Polyplex, Uflex, then this SRF are putting a plant in Europe and other countries. So, is it more profitable to run the plant there, or it is better to export from India?

Pankaj Poddar: See, obviously these are, these keep changing from time-to-time, when last year for almost one and a half years the power cost went up in Europe, those plants became highly negative. However, in the past the same plants were very positive. So, these things keep changing, BOPP has lot of local demand in any country. So, this has to be seen as a standalone business case, and it is very difficult to say which markets one should look at putting up the plant. I am sure whosoever is putting up must be doing thorough exercise and accordingly taking a decision. As we speak, Cosmo does not have a plan to put up a plant outside India.

Aman Kumar Sonthalia : Okay, sir and sir, how is the margin outlook for BOPET for the next two, three or one, two years?

Pankaj Poddar: I wish anybody can predict that, but right now the demand is looking quite good.

Aman Kumar Sonthalia : And no PET capacity is coming in the market?

Pankaj Poddar: Yes, right now only one capacity has been announced which is expected to come in FY28 which I believe was Polyplex, if I am not wrong. So right now, there is only one capacity which has been announced as such.

Aman Kumar Sonthalia : Okay, sir. Thanks.

Moderator: Thank you. The next question is from the line of Kamal Jeswani from YouFirst Capital. Please go ahead.

Kamal Jeswani: Hello, thank you for giving me the opportunity. I want to know how much of our exports goes to the US, what is the percentage of their total turnover?

Pankaj Poddar: Right now it is close to 12%, 13%.

Kamal Jeswani: Okay. And when are we planning to start production for the sun control films and the paint protection films?

Pankaj Poddar: Early next year. Paint protection has already started, window film will start early next year.

Kamal Jeswani: Okay. And when are your plans to demerge the Zigly business, as you mentioned in the presentation?

Pankaj Poddar: We are continuously evaluating this, as we said earlier it will take us last time we said three to four years and obviously since then sometime has elapsed. So, I would say that now we should be looking at anywhere between two to three years before we demerge. But these things can always change, because that really depends on how quick we continue to grow in Zigly. So it's very difficult, but we clearly have an intent to demerge it at some point in time, and it is not very far off.

Kamal Jeswani: Okay, fine. Thank you so much.

Moderator: Thank you. The next question is from the line of Dinesh Sharma and Individual Investor. Please go ahead.

Dinesh Sharma: Hello, am I audible?

Moderator: Yes, sir you are please go ahead.

Dinesh Sharma: So, I have two questions. So firstly, at the outset, I would like to congratulate the management and leadership of the company on having this long-term vision of de-commoditizing the business. So, my first question is regarding our Cosmo sun shield vertical. So, in a previous con-call Mr. Poddar, you had indicated that our capacity for SCH is around 250 million square feet, and PPF would be procured through an outsourced facility. Now, previously, our revenue potential and margins you have highlighted very clearly for our other business verticals like Cosmos Specialty Chemicals and rigid plastic. So, I just want to understand what kind of revenues and what margins can we expect with such capacities, since we have a peer company which even you had highlighted without taking any names in the previous concall. So what should be our expectations for FY26, FY27 when it comes to revenues and margins for this vertical?

Pankaj Poddar: See it will clearly take time, because the peer company has been there in this business for several years, and we are a new player. Good thing is that we have made very strong products, which are in test phasing right now. And wherever we are putting those products, the results are excellent. So good thing is that, at least from the research perspective and the machine perspective, we are in the right direction. We have already established connects with lot of distribution channels who are pretty happy to work with us in India. But see, it is not just India, we need to scale up globally and therefore lot of work is going to be required for this. We expect that next year we could be doing anywhere between 20 to 30 crores of business, if all goes well for us and here thereafter, we should exceed 50 crores at least. And then earlier we expect that close to 30 crores this business will start becoming break even and then start to make money for us.

Dinesh Sharma: Okay. And this Cosmo sun shield is basically all BOPET, right, it's not the BOPP?

Pankaj Poddar: You are absolutely right; paint protection is polyurethane and window film is polystyrene.

Dinesh Sharma: Okay. And we have PPF being done through an outsourced facility, right?

Pankaj Poddar: That’s right.

Dinesh Sharma: So, there was an announcement in December probably by the company. So have we started any sales with PPF, have we earned anything out of it till now?

Pankaj Poddar: Yes.

Dinesh Sharma: Would it be possible to share some figure?

Pankaj Poddar: We will share in the next quarter?

Dinesh Sharma: Okay, right. And my second question, just continuing on what the previous participants had highlighted, all of the investor community is a little concerned about the commodity down cycle that is going to play out in FY26. Now, this year we have had the commodity cycle play out in our favor. So, if we look at our Cosmo Specialty Chemicals business it has started generating 17%, 18% margins for us. But overall, if you see compared to the size of the company, it's pretty small and when we see specialty film sales as well, we say if we are targeting 80% of specialty volumes by the end of FY26 and 50% of this is going to be semi specialty. We would, probably expect at least some kind of effect from the commodity down cycle. So, when do you expect a value added businesses to be large enough to mitigate the effects of commodity cycles?

Pankaj Poddar: Already, every year we are displaying that, we had in between couple of bad years where Cosmo still did quite well and so, yes we have done it. Obviously, now the additional factor is that some of the diversifications we have done have resulted in initial learning, losses and so on, but those are also going in the right direction and expected to make money. Some have already started making money, like chemical, Plastech is expected to make money next year. Window film is expected to make a year thereafter. And Zigly also, we do expect that within next three years, we should start making money. So, obviously right now film business in itself is doing quite well. It is just that to some extent, there is an impact of the losses from the new business, and once those new businesses also start making money, you will see even a stronger company in the times to come.

Moderator: Thank you. The next question is from the line of Vipul Kumar Shah from Sumangal Investment. Please go ahead.

Vipul Kumar Shah: Hi, thanks for the opportunity. So, sir this Plastech business is packaging board which paper companies like JK Paper Manufacturer, is that same product or is this something different?

Pankaj Poddar: No, there are different things. We are doing three things there. First is we are making many types of thicker sheets, films are anything which are lesser than 250 micron. Once we go above 250 micron, up to let say 1001 mm, say 1000 micron, it is called a sheet. So one is we make PP sheets, polystyrene sheets and polyester sheets. And within that also we make ESD sheets which goes into electronic or automobile industry. We make barrier sheets for better shelf life. We make color sheets, so on so forth. The second thing that we do here is, these sheets are then converted into thermoformed containers, containers for curds, for ice cream, for multiple things, we also make thin wall containers through the process of injection molding. So, this is basically the business model in plastic and majority of the sales happen to the end brands directly.

Vipul Kumar Shah: So margin for the Plastech business is higher or lower than the specialty films?

Pankaj Poddar: See we should not be comparing against specialty films business. The important things is here, the margins remain consistent because it's a cost plus pricing. So as we continue to scale up you work with the brand, so obviously many investors also look for the stability of margins. And Plastech certainly provides the stability of the margins and the business gels very well with our film business, because it actually helps film business also, because we are now directly dealing with the brands in every case. In case of film, in some cases we deal with brand and in some cases we deal with the printers and converters. While in case of Plastech, we only deal with the brands, or we mostly deal with the brands.

Vipul Kumar Shah: Okay. Sorry for repeating, but so this is not a part of the film business, right?

Pankaj Poddar: No, we are treating it separately there is a separate team which is running this business.

Vipul Kumar Shah: So what will be the raw material for this business?

Pankaj Poddar: Yes, all the five are run by separate teams. Common functions remain common, while the business teams are separate for each one of them.

Neeraj Jain: So, then consisted it's a very complementary kind of the business, film business and rigid packaging.

Vipul Kumar Shah: No. My question was, what are the raw materials for this Plastech business?

Pankaj Poddar: Polypropylene, polyester and polystyrene.

Vipul Kumar Shah: Okay, sir. And lastly, regarding demerger of this pet care vertical, so it is dragging down the performance of the company. So, I repeatedly in last past calls also mentioned, don't you think that we should demerge this unit because it is dragging down the overall profitability and valuations of the company, sir?

Pankaj Poddar: At the right time we will do it, I am sure the film investors will love it when it starts making money, because the valuations of omni channel businesses far higher.

Vipul Kumar Shah: And last question sir, can we expect substantially lower losses for Zigly business next year?

Pankaj Poddar: Already, if you see the last quarter, our losses have rationalized quite a lot. So we are making quarter-on-quarter improvement.

Vipul Kumar Shah: No, I am asking only directionally, I am not asking for a figure?

Pankaj Poddar: Yes, even rationally we, as a percentage to sales the losses keep coming down in the last quarter even in the absolute term it has come down, next year when we are looking forward to quite a decent growth in Zigly percentages losses will keep coming down quarter-on-quarter.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Hello sir, you can hear me, hello?

Pankaj Poddar: Yes.

Saket Kapoor: Sir, firstly BOPET contribution was 9% to our total sales mix, what is the current contribution from BOPET and out of that, how much is value added and if you could give the breakup?

Neeraj Jain: So, as we said at the beginning of the call, BOPET volume was close to 15% of the sales in the December '24 quarter.

Saket Kapoor: Okay. And out of that, how much is value added?

Neeraj Jain: So, value added is also 20% to 25%.

Saket Kapoor: Okay. So, whatever we are selling under the BOPET is speciality?

Neeraj Jain: No, it currently has a mix so between the value add and non-value add of 20:80.

Saket Kapoor: Yes, I just missed the number. Sir, also we have been hearing from the government on this plastic waste management circular that will be applicable from April. So if you could just highlight the significance of the same for the film business and film players like us. And the second question would be sir, taking into account the CAPEX that we have done, what are the CAPEXs that will get commercialized for this year, I need to say, what will be the additional volume in tonnage terms that we will expect for the next financial year?

Pankaj Poddar: See, as far as the EPR is concerned, good thing is that we use lot of recycled both in flexible and rigid. And in any case, we are continuously in touch with the government to explain them what is realistic and what is not realistic. But the good thing is that, Cosmo as a standalone entity does use lot of recycled product. Coming to your second question, our BOPET film capacity is going to grow by close to 40% in the coming year.

Saket Kapoor: Okay. And in that aspect, you also mentioned it will be the world largest, if you could just elaborate where are we coming from, in terms of the largest BOPP film?

Pankaj Poddar: It implies highest width line with highest speed. Hence higher outout.

Saket Kapoor: So what is the tonnage there, sir and what is the current, which has the highest capacity and we will be replacing whom?

Pankaj Poddar: When we added last line in 2017 of BOPP, that time we were the highest. Then after that, one or two lines got added which had a similar width but higher speed. Now we are coming up with the line which width wise is similar to the last line, but speed is even higher, and therefore and even the output per hour is also much higher. And therefore, this line will have the highest output in the world.

Saket Kapoor: Okay. So, yearly what will be the tonnage, what's the existing one and what is the expected one?

Pankaj Poddar: We expect to produce, the name plate capacity is close to 70,000 tons. But from actual production perspective, we expect around 60,000 tons additional production from this line.

Moderator: Thank you. The next question is from the line of Aditya Vora from Share India Securities. Please go ahead.

Aditya Vora: Thank you for the opportunity. Couple of questions. One is, if you could help me understand what is our mix in the specialty chemical business in terms of master batches, adhesives and coating chemicals could be. And how do we plan to, ramp up the coating chemicals business considering it's a high margin business in the specialty chemical?

Pankaj Poddar: We can't share so many details on a call.

Aditya Vora: Right. But strategically, how do you see that going ahead?

Pankaj Poddar: No, again we cannot share this is a bit confidential to the company. These information's cannot be put in the public domain.

Aditya Vora: Okay, sir.

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

Neeraj Jain: Well to summarize, the company's specialty sales has increased by close to 14% this year so far, and similar trend is expected to continue in FY26 which will strengthen the business model. Among new business vertical, specialty chemical already making high-teens EBITDA, other new verticals related to packaging, whereas capacitor metallizer, rigid packaging, should earn positive EBITDA from FY26. While Zigly may take some time to become profitable, however should be a significant wealth creator. At the end of the call, we would like to repeat the statutory declaration. Certain statements in this concall may be forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. These statements are no guarantees of future results. We thank you to all of you for joining the call.

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