

CFL/SE/2024-25/AUGUST/11

August 14, 2024

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”
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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 August 09, 2024.

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**

Jyoti Dixit
Company Secretary & Compliance officer

Encl: a/a

Cosmo First Ltd
Q1 FY'25 Earnings Conference Call

9-Aug-2024

Moderator: Ladies and gentlemen, good day and welcome to the Investor Call of Cosmo First Limited to discuss the Q1 FY 2025 results. Today, we have with us the Management -Group CEO – Mr. Pankaj Poddar and Group CFO – Mr. Neeraj Jain.

Starting with the statutory declaration. Certain statements in the conference call may be forward-looking. These statements are based on management's current expectations and are subject to uncertainties and changes in circumstances. These statements are not guarantees for future results.

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.

Now, may I request Mr. Neeraj Jain, Group CFO, 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: Thank you. A very good afternoon, ladies and gentlemen. I'm Neeraj Jain – Group CFO at Cosmo First Limited along with my colleague Mr. Pankaj Poddar - Group CEO at Cosmo First Limited. Our financial results for Q1 FY25 and investors' presentations are available on the company's website. We'll first discuss a brief on the performance of the company for the June 24 quarter, which may be followed by questions.

Starting with the financial results, Consolidated sales for the June'24 quarter is Rs. 690 crores, which is about 5% higher compared to June'23 quarter. This is largely on account of the higher volume and better margins. EBITDA for the quarter is Rs. 84 crore compared to Rs. 55 crore in June'23 quarter. The improvement in the EBITDA is mainly backed by higher specialty sales as well as improved domestic BOPP fund margins due to better demand. The company's specialty sales increased to 69% of total volume in Q1 FY25 as against 64% in FY24. Specialty margins also increased in Q1FY25 due to the better specialty mix as supply has started again to specialty export customers having higher margins, which was not there last year.

BOPP film margins have been running at Rs.19 per kg during Q1 FY25as against Rs.12per kg in Q4 'FY24 and Rs.11 per kg in Q1'FY24. BOPET business, which was started in September 2022, which is close to 4% of company's consolidated sales for quarter one has also earned positive EBITDA for the first time since the start of operations.

It may be noted that if we separate the new verticals means the BOPET vertical, specialty chemicals, pet care and rigid packaging, the BOPP EBITDA stands at 13.4% for the quarter one as compared to reported EBITDA of 12.2%.

Moving to outlook for the year. The company is expecting improved sales of specialty firms as well as domestic margins are expected to remain at a healthier level in FY25. Our initiatives in renewable power have started showing results from the first quarter of FY25, we expect annual bottom line impact to be close to Rs. 25 crores from the same. Another cost rationalization initiative on shifting of Korea plant to India is moving as per plan. Post relocation, the production line should be operational by Q3 FY25. This will facilitate cost optimization of close to one million USD and improved capacity utilization of the line.

The specialty chemical subsidiary has commercialized multiple chemistries including adhesives, coatings and master batches which should facilitate improvement in EBITDA and better return

on capital employed during FY25. EBITDA of the subsidiaries is now stabilized in mid teens and should deliver more than 25% ROCE in FY25.

Talking about packaging growth projects. We started rigid packaging vertical under brand name Plastech during the second half of FY24, which is related to packaging industry. The business vertical with addition of injection molding which started in Q1 FY25, is set to grow well.

Work on CPP and BOPP lines are progressing as per plan. We are expecting CPP line to start commercial production by Q3'FY25. And BOPP line is expected to start commercial production by H1FY26. As indicated in the past as well, both the lines will be world's largest production capacity lines and will increase company production capacity by close to 50% in a phased manner. With high-speed large lines, it will rationalize cost of production by 3 to 5% depending on product.

Moving to Pet care vertical, Zigly. We are focusing on consolidation during the first two quarters of FY25 before the next level of growth. We shall be focused on same store sales growth during the first two quarters.

Moving to growth and net debt position, the company is looking for close to 300 to 350 crore rupees of Capex in the next 12 months, which is mainly related to BOPP line and some projects to enhance specialty phase. Financials remains strong. The company's net debt is 598 crore which is close to two times EBITDA and 0.4 times equity. We expect net debt reduction after FY25.

With this, I will take a pause and would like to open the call for questions please.

- Moderator:** Thank you very much. The first question is from the line of Abhishek Jain from Arihant Capital Markets. Please go ahead.
- Abhishek Jain:** Hello, Sir. Congratulations on the good set of results and your future plans. I have two questions mainly related to the BOPP margins and the realization for this quarter, how it has been for July and August?
- Management:** BOPP margins are running fine.
- Abhishek Jain:** Can I get the number, Sir?
- Management:** It will be difficult to give you specific numbers post June, but broadly the margins are little upward directionally.
- Abhishek Jain:** And the realizations?
- Management:** Realizations as well.
- Abhishek Jain:** OK. So, no specific number.
- Management:** Post June it will be difficult to share
- Abhishek Jain:** Post June and before that for the previous quarter?
- Management:** So, as we indicated, Rs.19 per kg was the BOPP margin during the June quarter, which is looking for little upward post June, that's all I think can be shared at this moment.
- Abhishek Jain:** Okay. Thanks.
- Moderator:** The next question is from the line of Sashwat from Augmenta Asset Management. Please go ahead.
- Sashwat:** Hi, Sir. Congratulations on the new numbers. I just wanted to ask; do we have any update on the Windows Films capacity that we were planning?
- Management:** So, part of the capacity we expect to start commercial production from the Q4 of FY25. Currently we are at different stages of trials for the different product categories, which is

working fairly well. At the same time, we are also developing distribution network in India and overseas for the product to be launched. I expect the product to start commercial production by the Q4'FY25.

Sashwat: Is this going to be primarily catering for the domestic market the import substitution site or for the overseas zone?

Management: So, we'll do of course both. It will be domestic as well as exports.

Sashwat: As you mentioned in your opening remarks regarding the BOPP capacity coming in for the next fiscal, so can you share any flavor on the margin impact from the demand supply scenario or anything on that side?

Management: Of course, for FY25, as we indicated at the beginning of the call, we feel margins will remain healthier both BOPP and BOPET, BOPP more particularly. And our line is expected at the beginning of the next financial year.

Sashwat: OK. Thank you.

Moderator: The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good afternoon, Sir. Yeah. So, my question is that in this quarter, we have seen this specialty mix improving from 66% to 69% and you are saying that Rs. 12 per kg in commodity has increased to Rs. 19 per kg. So, despite that, the gross profit, if I look at versus last quarter has only increased by 30 odd crores. When you say that the spread has actually gone up by 50%. So, can you just explain? I can't understand how these numbers are, you know, happening despite the 50% increase in the commodity margins.

Management: Commodity margin, as we said, has increased by Rs.7 per kg on average, if you look at in Q1'FY25 compared to previous quarter, margins are at Rs.19 per kg versus Rs.12 per kg in Q4'FY24. Based on the complete current volume of commodity part of the business, I think Rs. 30 crore increase in the gross margin largely due to specialty increase and commodity margin increase is fully justified.

Sarvesh Gupta: Okay. And second sir, this Rs.19 per kg is it the exit run rate or is it the rate that you have achieved during the previous quarter and what would be your exit run rate per kg you know let's say in the month of June, what was that number?

Management: This is average, of course. Well in terms of the exit, you see we see this largely from the value-add perspective. So, Q1'FY25 average value add on the base commodity itself was running close to Rs Rs.32 per kg which was closer to Rs.35-36 per kg at the exit point.

Sarvesh Gupta: Understood, Sir. And regarding Sir, your other lines of business now more or less they are all sort of subscale. So, any business which can provide you some sort of reasonable EBITDA in this year itself among the specialty chemicals or the rigid packaging? What is their target for this year?

Management: See, besides the film business, of course, the specialty chemical is making already decent EBITDA. Other businesses are also growing. You will appreciate the fact that most of these businesses we have launched very recently. In due course we expect all the businesses to make money. So, specialty chemical is already making money in mid-teens EBITDA levels, other than this rigid packaging by the end of the FY25 we expect to start making money.

Sarvesh Gupta: Understood, Sir. Thank you. And all the best.

Moderator: The next question is from the line of Aditya Rathi from Aequitas Investment. Please go ahead.

Aditya Rathi: Thank you for the opportunity and congratulations, Sir, for good set of numbers. Sir, I wanted to gauge more understanding about the Korea shifting that we are doing which you said that we'll start by Q3 of the current financial year.

Management: So, actually thermal film line actually which we were running at Korea, we moved that line to India operations. More so for the cost specialization but beside this we thought we would be

able to better optimize the utilization of this line if we run it from India. So, this we have already relocated. In Q2, we expect various trials to be completed and from Q3 we expect commercial production will start for this line.

- Aditya Rathi:** Any outlook on the top line and bottom line from this?
- Management:** So, this is the value-add line actually as I said this thermal film production line which do value add products. So, from that perspective, the top line may increase only because it's a specialty product compared to the commodity product, but not very significantly because the volume of this line is expected to be between 6K to 7K metric ton per year.
- Aditya Rathi:** Okay. That's it from my end, Sir. Thank you so much, Sir.
- Moderator:** Thank you. The next question is from the line of Mukesh Panjwani from WC Securities. Please go ahead.
- Mukesh Panjwani:** Yeah. Hi, Sir. I want to know if in the last quarter did we get the benefit of BOPP price increase in the entire quarter or for a month or so?
- Management:** So, BOPP price was increasing during previous quarter in phases each month. Average, as we indicated, gross margin was Rs.19 per kg compared to Rs.12 per kg in the previous quarter.
- Mukesh Panjwani:** Okay. And Sir, how much increase in profit is likely contributed by increase in specialty film ratio and how much it would be contributed by BOPP price increase?
- Management:** Well, it will be a little difficult to quantify on the call, but very broadly, I can indicate a large part of this is because of the specialty increase. And this could be 60:40 ratio, but at a very ballpark number. It's difficult to quantify.
- Mukesh Panjwani:** Got it, got it. And how do we see the ratio of specialty films in this current year going ahead?
- Management:** Specialty film ratio is fairly fine, So the increasing momentum continues and rather should be more progressive in nature in the Q2.
- Mukesh Panjwani:** Okay. Thank you. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Bhavesh Chauhan from Aditya Birla. Please go ahead.
- Bhavesh Chauhan:** Hi Sir. In terms of for specialty, what is the contribution that we see by the end of FY25-FY26?
- Management:** So, in quarter one, we already raised specialty volume % to 69%. We expect this to further increase in the coming quarters. There are a lot of product categories where we are working, a lot of new products also we are expecting to be launched in the coming quarter, we are optimistic regarding specialty volumes.
- Bhavesh Chauhan:** And for Zigly, when can we expect it to become profitable in terms of EBITDA breakeven?
- Management:** See, Zigly, the business is currently at a growth phase. It's very difficult to quantify by what time it will become profitable. Each quarter, we are progressing in line with the plan. So, as we said in the first two quarters of the current financial year, we'll focus more on the consolidation within, a little more on the cost optimization and same store sales growth. And suppose that in the second half of the financial year, we will look at the next level of growth. So as of now, little difficult to quantify by what time it will be profitable, but we are progressing day by day in that direction.
- Bhavesh Chauhan:** Okay, Sir. Thanks a lot, and all the best.
- Moderator:** Thank you. The next question is from the line of Ayush Vimal from Clearview Capital. Please go ahead.
- Ayush Vimal:** Thanks for giving me the opportunity, Sir. Is the increase in realization in BOPP, an India phenomenon or is it something that's happening across the globe?

- Management:** So, it's across the globe, in fact. So, India, of course maybe a little higher compared to global average, but yes, increased demand we witnessed in exports as well, not only in India.
- Ayush Vimal:** OK. And so, is there a possibility that some of your customers start importing BOPP instead of purchasing from you given the fact that India prices have increased much more significantly compared to what's happened globally?
- Management:** Not actually. If you look at the history of import happened in India, even at the peak level of margins, also that has been very insignificant, maybe 1% or so and there's a basic reason behind this. I mean, the unlike many other industries where you get the advantage of high-volume production, low cost of production, this is not the industry where the cost of production will vary much whether you make in India or China, or other part of the world and history also suggests so import has been negligible. So, we do not feel frankly import will start in India, on top of it there's a 10% import duty as well on import of any kind of flexible packaging in India.
- Ayush Vimal:** Got it. And sir, my final question is, you know historically the increase and decrease in spreads has been more driven by supply than by demand, so we just wanted to understand, what has changed this time around because of which the demand has surged significantly, resulting in an increase in realization and spread. Has there been a new use case for the product which wasn't there before?
- Management:** I think I would say it's more a function of both demand and supply, not only on the supply side. So, there are quarters when you know demand levels are high. So of course, this quarter has been one and we expect this momentum to continue in the current financial year. But I would say it's more demand and supply. Fortunately for flexible packaging, demand side has been growing year on year at close to 10% if you look at the last two decades' history. This industry grows, although large part of the industry supplies to FMCG but the industry for flexible packaging grows better than the growth of the FMCG because many applications are getting moved to flexible packaging from the other form of the packaging. So that way we feel demand should continue to grow. On the supply, of course, you know it's more to do with the timing as you know when supply comes. there will be one or two quarter margin pressure, but ultimately with the growth of the demand, it optimizes.
- Ayush Vimal:** Alright, Sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Rohan from Turtle Capital. Please go ahead.
- Rohan:** Hello Sir. I just wanted to know the momentum that we have been witnessing since the last two quarters in BOPP, do you expect this to continue from here on?
- Management:** Yes. So, as we said at the beginning of the call, yes, for FY25, we expect this momentum to continue, with specialty we expect this uptick to little bit increase and BOPP margin we expect to continue to do well.
- Rohan:** Okay. And can you please give us your idea regarding how things are working in BOPET because you were a little bit negative that journey will be difficult for like 18 months or has anything changing in BOPET?
- Management:** See just demand level has increased. So, if you recall there has been lot of capacity addition on the BOPET side in FY23 and FY24. And would be little increase in the demand level, the gap is getting partially breached, still is not fully breached but little increase in the demand level is helping to optimize the margins. So that's why probably for the first time we earned positive EBITDA.
- Rohan:** Yeah. And do you think that going forward it will be, you know better than what it was previously for us? Do you think it will sustain?
- Management:** See from the current scenario, the answer is yes because demand is increasing. There is no substantial capacity addition we expect in FY25. So that way we yes from logic perspective it should increase.
- Rohan:** Okay. Thank you so much.

- Moderator:** The next question is from the line of Jatin Damania from Svan Investment. Please go ahead.
- Jatin:** Good afternoon, Sir, and thank you for the opportunity. Just wanted to understand because in the last conference during mid-May, we were indicating that margins are likely to remain soft when compared to the last quarter. And BOPET was continuing to make losses. But however scenario has changed starting June, which was in the last month itself. So, what could be the reason that has driven such an improvement in the spreads in both the segments BOPP and BOPET?
- Management:** Yeah, multiple things have happened. One is that this year the summer was very harsh. So, the consumption of soap, shampoo, and drinks have gone up significantly. Also, there were elections this quarter. What we are also seeing is Europe and America have started to recover and therefore the exports in general is more from the country.
- Jatin:** So, if you want to look into demand supply in the domestic market, so can you help us, what was the situation last year and how is the demand supply right now?
- Management:** So as far as BOPP is concerned, it's fairly balanced. When it comes to polyester, we still see some excess, and that is the reason that our polyester margins are still not at the desired level, but the good thing is that last year at a bigger level, Polyester was making losses, while in the last quarter there is a marginal EBITDA that we have earned, what we feel is that in the quarters to come the EBITDA margins on polyester film will go up. Our work, what you have to understand is, you know we have done sizable investment of 400 crores in polyester and we need to earn a minimum 100 crores of cash to recover that investment each year, we are currently not at that level so obviously polyester will take some time, but it's a matter of time before even polyester starts making money. The other thing is that we are continuously shifting our polyester volumes also to specialty and we've already reached a run rate of close to 500 tons per month so roughly 20% of our capacities have been now locked into Specialty. As we keep moving along, you know, and we have come out with two very innovative films, we cannot share too many details in the call at this stage. Once we start scaling up polyester, irrespective of the market conditions in in next couple of years, we'll start making quite decent money just like BOPP, which we make money even in tough market.
- Jatin:** So probably one can look that it's a matter of three to six months or probably another nine months where the polyester will also start making an equal money or more money than BOPP right now, right?
- Management:** I would not like to compare it like this, but for sure BOPET, better days are here to come, and you know after this right now only two lines are coming up only in FY27. So, for the next 2-3 years there's hardly any capacity coming up and our demand will continue to grow and therefore, you know BOPET will see better days.
- Jatin:** Okay, Sir, now when we see that we will be moving into a value-added product and we have we have developed couple of more products. We had indicated on the news channel that the Q2 numbers seem to be look more promising given the improvement in the spreads. So, is it fair to assume that the Rs.19 per kg that we have done in BOPP in Q1, the second quarter and the third quarter, the numbers will be upwards of Rs. 25-26 a kg?
- Management:** Difficult to say specific number
- Jatin:** So, but I mean which is the indication that there's an improvement in profitability and there was a TV interview of Mr. Poddar that's indicating that the Q2 would be much better in terms of the Q1 forthcoming quarter.
- Management:** The margin is going up, there's no doubt about that.
- Jatin:** Sure, Sir. That's all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Aditya Rathi from Aequitas Investments. Please go ahead.
- Aditya Rathi:** Thank you. My questions have been answered.

- Moderator:** Okay. Thank you. The next question is from the line of Navneet Bhaiya from an individual investor. Please go ahead.
- Navneet Bhaiya:** Hi, Pankaj. Hi, Neeraj. Congrats on a good set of numbers. My question is on Zigly. So, I saw your interview, Pankaj, where you mentioned that you're looking to consolidate your operations in Zigly. When I look in your segmental performance on quarter-on-quarter basis, the turnover seems to have declined from about 8.5 crores to 6 crores. So, I just wanted to understand how do we see that going forward?
- Management:** See, the turnover has not declined as much as perhaps you're saying, but it has declined. The decline has happened because earlier online we were more aggressive with strictly on marketplace and we realized that's not helping us. So, we have kind of cut down. The good news is that you know the retail is going up month on month and online also you know we are looking at more logically to try and sell only profitable products. So, the losses per month have come down by close to 1.25 crores, while there's a marginal dip in sales and we feel that in a month or so or two months we should be able to largely recover on the sales part because now all these segments are doing fairly well. What is good thing is that now you know the marketplace is making money for us in retail, if we can continue doing that, it's a matter of time when retail will also make money. In fact, we are almost close to break even when it comes to giving services at the retail. The only area which is right now still have to be made profitable is product sale at the retail side and our own websites. On the website side also, we are going to come out with a new version of the website by December timeframe and we have come out with some very innovative ideas in terms of how we can keep the customers tuned to our website, I cannot share too many details at this stage, but what will come out will be very innovative and you know the other thing is that we are now launching a lot of private labels and signature range where the margins are much better and these products are really loved by the customer. In fact, we recorded one podcast, which is there on LinkedIn and YouTube, and you know, Insta you may like to see my recent podcast which will give you a lot of clarity in terms of what we're doing.
- Navneet Bhaiya:** Okay, appreciate that. I will have a look. So, what's your GMV for the last quarter in Zigly?
- Management:** It's close to 4 cr. Quarter wise it will be slightly lower, June run rate is close to 4 cr. I think quarter wise because in April, May we had quite a dip on the marketplace sale. So, at a quarter level we may be at 3.5 crore perhaps.
- Navneet Bhaiya:** Okay, so about 10 odd crores for the quarter.
- Management:** Yeah.
- Navneet Bhaiya:** You've launched, rigid packaging, how its performing?
- Management:** Rigid packaging is growing close to 10% month over month. We did June month, we did 3 crores like we have already done more than 10% growth in August again, we are looking at a good healthy growth. So rigid business is growing, Zigly also we have done a lot of structural correction and as Neeraj mentioned earlier that chemical also this year, we're expecting a double digit number EBITDA numbers in chemicals business.
- Navneet Bhaiya:** Chemical side improvement is quite visible. I think you did 45 odd crores this quarter versus 25 crores the previous year and of course, you had a 15 odd percent EBIT margin. The other segment, you know, appeared as if your turnover is declining quarter on quarter, whereas the losses remain the same. So, I was just trying to match that with your commentary on trying to consolidate the Zigly as well as growing the rigid packaging. When do we see that appearing in your other segmental information?
- Management:** So, we are hoping that you know the rigid packaging should be kind of break even by the end of this year. For Zigly, the breakeven number is going to take some more time you know and especially till the time you keep investing in more stores, you know it may not be that easily profitable unless we kind of take little pause to the growth of the business, then only you start seeing profitability, which is I think is at least couple of years away if not more. But good thing is that Zigly is moving very well and what we feel is that even if we touch 100 crores of net

revenue, losses would not be that high, so we, you know, I mean we are running it very, very logically and rational manner rather than just try to burn money and take sales. Focus is to build the brand in a rational manner.

- Navneet Bhaiya:** Understood. Thank you so much and all the best for your future quarters.
- Moderator:** Thank you. The next question is from the line of Nishant Shah from Emkay Global. Please go ahead.
- Nishant Shah:** Yes, thank you for the opportunity. My basic questions are there. What will be the Capex number for the coming two years?
- Management:** Roughly 300 crores for this year and close to 150 crores for next year.
- Nishant Shah:** This includes the maintenance Capex.
- Management:** Yeah, this includes everything.
- Nishant Shah:** Okay. And what will be the debt number if debt is taken?
- Management:** Yeah. So right now, we are operating at a 2.1 debt EBITDA ratio. The total debt is close to 500 crores, and we do not expect any significant change in the debt in the current year and the next year, the debt should come down. To be more precise, 598 crores. So closer to 600 crores and we expect that in spite of Capex, this number should not change much and next year given that our Capex is lower, this debt would come down next.
- Nishant Shah:** Any target for that reduction?
- Management:** Yeah, yeah, it will happen next year. That's what I said.
- Nishant Shah:** Okay. And are there plans for any demerger or something?
- Management:** Nothing on the cards for this year.
- Nishant Shah:** Nothing on the card. Okay, good. Thank you. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Sai Ganesh from Square 64 Capital Advisors. Please go ahead.
- Sai Ganesh:** Thank you for the opportunity. I just want to understand the part of gross margin of Rs.19 per kg if it is sustainable for the Q2FY25
- Management:** Yeah, right now things are looking quite well, and we do not see any risk in this.
- Sai Ganesh:** Okay, Sir, and your top line growth, it is just a 5% growth in packaging. Maybe, probably because of the realization. Is there any supply constraint in our capacity utilization level for packaging?
- Management:** Yeah. On the polyester line, we are not fully utilized and the CPP line also there is a potential for us to grow. So, there is idle capacity in those areas. Rest of the areas we are fully utilized.
- Sai Ganesh:** Okay, Sir on that specialty chemicals part, what is the utilization level for current product?
- Management:** I think if every asset is fully utilized, we can close to increasing our sales by 60-70%. But that's you know because we are master batch coatings and adhesives, and these different assets are operating at different levels. But broadly, if everything has to be fully utilized, you know we can grow the sales to close to 300 crores. But you know we might invest in one of these depending on which grows better, and which makes more money. There may be some small Capex that may be planned at the end of this year or next year, but it would not be very sizable. It is going to be a small Capex.
- Sai Ganesh:** Okay Thank you, Sir. That's it from my side.

- Moderator:** Thank you. The next question is from the line of Sarvesh Gupta from Maximal capital. Please go ahead.
- Sarvesh Gupta:** Sir, just to follow up on one of the comments that you made. So, I think you know, if you look at FMCG demand in India, etc., it has been muted anyways and the same situation was sort of persisting in Q4 also. So, you know, one of the reasons you said that these spreads have increased and realizations have increased is because of the demand, because obviously nothing major has changed on the supply side as far as we know for BOPP as well as BOPET so what is specifically has happened in terms of demand because FMCG industry seems to be in a very low volume growth sort of a scenario. So why is that demand spurt happening in terms of flexible packaging?
- Management:** You see, first of all, we're not into just flexible packaging. packaging is only, you know, 1/3 of our total sales. We supply many of the segments you know where also there's a lot of growth. The second thing is you know the number that you see in the newspaper is mainly represented for larger companies. What we are not realizing is that a lot of small startups are also producing several juices, snacks and personal care and health care and so on and so forth. It does not get captured in the FMCG growth. So, what is really happening is that you know most of this new growth is taken by new players, which somehow is getting missed in the calculations. The third thing, as we said earlier, is that the exports also is doing very well.
- Sarvesh Gupta:** Okay. And since you mentioned your BOPP spreads, you know for the last quarter as well as this quarter as well as you mentioned that they are probably 2-3 rupees higher for the company. So how has the BOPET spreads been if you can allude to those numbers as well?
- Management:** Yeah. So BOPET has been making EBITDA loss since last year. You know, in fact, from the time that we started this line last quarter is the first quarter when we have made EBITDA positive and in the coming quarters, we expect that polyester margins as the demand gets better and the mismatch you know, goes lower, we expect that even polyester margins should improve from here.
- Sarvesh Gupta:** But can you mention the numbers for the spread in gross margin terms, not EBITDA?
- Management:** It's been changing month over month is very difficult to give one number. I mean we are actually looking at month on month and last quarter the line was also highly underutilized. I think polyester performance should be seen more closely in this quarter once the results are out because last quarter our line was hardly, I would say 40% utilized and there was 60% underutilization of the line as such.
- Sarvesh Gupta:** Understood, Sir. Thank you. And all the best.
- Moderator:** Thank you. The next question is from the line of Abhishek Jain from Arihant Capital Market. Please go ahead.
- Abhishek Jain:** My follow-up question was answered. Thank you. Thank you.
- Moderator:** The next question is from the line of Jatin Damania from Swan Investments. Please go ahead.
- Jatin Damania:** Sir, thank you for the follow up question. So just one clarification. Sir, you indicated your sun control films to come into commercial operation in Q4FY25. So just wanted to understand the capacity of that sun control films and how the ramp up would be and contribution to our overall revenue which management is expecting FY 26?
- Management:** See, only this year, FY25 what we said CPP new line should get commissioned, estimated commissioning is in Q3. And post that some parts may come in Q4. So, while they will be increasing the top line and low show in volume terms compared to previous quarter, this maybe it is difficult because new line initial months are little difficult to project what utilization it will run. But very broadly, it may be higher, you know single digit number volume growth next year.
- Jatin Damania:** Our CPP line is almost, you know 10,000, right?

Management: CPP lines should produce close to 18,000 metric tons at full utilization.

Jatin Damania: And this entire 18,000 will be SCF. Can one assume that?

Management: It is CPP. It has nothing to do with Sun films. We will commercialize sun control film from Q4'FY25, however capacity utilization will take at least couple of years from the commercialization of the line.

Jatin Damania: OK, FY26 also won't be see any major benefit of the sun control frames?

Management: Yeah, I feel that profitability will come in window film only from FY27.

Jatin Damania: From FY27 and sir, one last bookkeeping question. Can you help us in understanding the volume of BOPP and BOPET in the current quarter, Q1?

Management: We do not share the volumes over these calls.

Jatin Damania: OK. Sure, Sir. Thank you.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Over to you Sir.

Management: Sure. To summarize, I think the company is expecting improved sales of specialty sales during FY25. Also, we expect domestic BOPP margins to remain at a healthier level during the year. Among new business verticals, specialty chemicals is already making decent EBITDA. Other verticals, whether it is capacitor metallizer, rigid packaging, is expected to earn EBITDA by the end of the FY25. While Zigly may take some time to become profitable, it should be a significant value creator. In the last, I would like to indicate 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 not guarantees of future results. Many thanks for joining.

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