COSMO FIRST LIMITED
Q1 FY24 Earnings Conference Call

August 11th, 2023

Management Participants:

Mr. Pankaj Poddar – Group CEO;

Mr. Neeraj Jain – Group CFO

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Moderator: Ladies and gentlemen, good day and welcome to the Investor Call of Cosmo First Limited to discuss the Q1 FY 2024 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 management's current expectation 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 to take us through his opening remarks subsequent to which we can open the floor for the Q&A. Thank you and over to you Neeraj.

Management: Very good afternoon, ladies and gentlemen, I am Neeraj Jain – Group CFO at Cosmo First Limited along with my Group CEO – Pankaj Poddar.

We will start the call with a brief on the performance of the Company, which may be followed by the questions. The export market during the June 2023 quarter showed signs of improvement with better specialty sales. Overall specialty volume for the June 2023 quarter was about 65% of the Company's total BOPP volume, which on a comparative basis number was 62% last year. Towards the end of the June 2023 quarter there was a sharp correction in the prices of the raw material which caused non - repetitive inventory loss of about Rs. 20 Cr during the quarter. Although now the raw material prices got stabilized from July 2023 onwards.

During the quarter, the BOPP demand has started picking up. We are hopeful that the demand supply balance should get restored in the coming quarters. In case of BOPET where the supply is far in excess of the demand, it may take many more quarters for the supply demand gap to get reached. Accordingly, BOPET margins are likely to remain under pressure. Cosmo has over two-third of its revenue coming from specialty films which could withstand the margin pressure to a large extent and has very clearly outperformed the industry once again. BOPP film margins have been running close to Rs. 10, here margins mean, the gross margins. Rs. 10 per kg during the Q1FY24 compared to Rs. 10 per kg during the Q4FY24 quarter and Rs. 40 per kg during Q1FY23. As you know, this is quite low compared to the average historical gross margins, which have been in the range of Rs. 25 per kg. It may please be noted that even in such a challenging market, company’s specialty margins remained broadly intact in line with the last year, except for some changes due to product mix change. While the commodity margins have come down broadly to one-fourth of last years’ margins, specialty margins largely remained firm. Semi-specialty margins have also come down by close to 30% compared to last year. We have provided more details about it in Company’s investor presentation uploaded on Company's website.

With an objective to promote sustainability and rationalize cost, the Company is looking for sourcing more than 50% of power through renewable sources. In this direction, use of renewable power has already started for the Company’s largest plant in Gujarat during Q1 and it’s expected to start for the other two plants during FY24. Besides promoting sustainability, it will facilitate Company’s cost rationalization in a material way.

While coming to outlook, the Company expects position to improve in the coming months, bringing an end to QoQ decline phase, which has been happening from last couple of quarters. There is already marginal uptake in the margins witnessed in July 2023, which is continuing. Besides specialty sales, the Company shall be focusing on various cost rationalization initiatives during FY24, aggregating close to Rs. 50 to Rs. 60 Cr annualized impact.

We continue to build our specialty film portfolio by adding specialty polyester film including shrink label and sun shield film which would further strengthen Company’s overall margins and also ability to withstand the margin pressure, if any, in the future. The Company will continue to build its specialty products portfolio and maintain its lead over the industry. Coming to June 2023, quarterly financial results, the consolidated sale for Q1FY24 is Rs.658 Cr, which is lower by 8% compared to Q4FY23. Although standalone volume remains in line with the previous quarter, the drop in consolidated sale is mainly due to higher intra-group sales elimination, which is sales from India to overseas subsidiary and some temporary lower volume in subsidiaries. EBITDA for the quarter is Rs. 55 Cr compared to Rs. 74 Cr in Q4FY23. This drop is largely because of the inventory loss which we have already discussed. At the end of March 2023, the Company's return on capital employed and return on equity stands at 16% and 20% respectively which is clearly on the leading side in the industry.

Moving to flexible packaging growth projects. Work on BOPP and CPP line is progressing in line with the plan. Both the lines will be world's largest production capacity lines and will increase Company’s production capacity by close to 45%-50%, in a phased manner by March 2025. With high-speed large width line, it will rationalize cost of production between 3%-5% depending on the product. The CPP line and BOPP line will promote sustainability as it will offer monolayer structures.

Coming to the Company's subsidiary Specialty chemical. This specialty chemical subsidiary is all set to launch newer adhesives during the second half of FY24. Now, adhesives, along with the master batches and coating vertical will drive future growth for the Company's subsidiary.

Moving to pet care vertical Zigly. The Company's direct to consumer pet care vertical, which was launched under the brand name Zigly, is progressing in line with the plan. The current monthly GMV run rate is close to Rs. 3 Cr, which is targeted for 10 times growth in next couple of years. Zigly has now more than 24,000 customers, with one-third repeat customers. The acquisition of Petsy, which is an online venture in the pet care space that we have announced earlier is complete now. This would further accelerate the Company's growth into pet care. Overall, Zigly is all set to make substantial impact to India's pet care industry.

Moving to key items on the balance sheet side. The Company is looking for close to Rs. 500 Cr of CAPEX by March 2025 in phases which will be largely on the value-add CAPEX on the BOPET line, means the technical firms, CPP line, BOPP line and some CAPEX in specialty chemical and Zigly. The Company's net debt now stands at close to Rs. 477 Cr which is 1.4 times of net debt to EBITDA and 0.4 times to net debt to equity. I think those were the updates from the Company side on the quarterly results.

Now we would like to open the call for the questions please.

Moderator: Thank you, Sir. We will now begin the question-and-answer session. The first question comes from the line of Nirav J from Anvil Research. Please go ahead.

Nirav J: Good afternoon, sir, and thanks for the opportunity. I have two questions; one is on the size of Indian BOPP industry. So, if you can just walk us through in terms of the current capacity and the demand, how much capacities have been added over last 1- 1.5 years and how much are expected to be added over next one year or so if you can just walk us through that.

Management: The BOPP capacity right now is close to; I am saying producible output here, is close to 75,000 tons per month and domestic sales depending on month-to-month varies from 52,000 to 58,000 tons and export is close to 15,000 to 20,000 tons. We talk about the BOPP market; it is largely balanced. Obviously in some months when the domestic market is a bit dull for either seasonal reasons or something else and in the same month if the export is less then we see some pressure on the margins and otherwise not. I mean things are obviously improving month-on-month. As far as the BOPP capacity is concerned, since 2021 because there was not much capacity added in 2018 and 2019, from 2021 onwards there are four lines which have been added in the domestic industry. And their producible output should be close to 1, 60,000 tons per annum, which means roughly 13,000 to 14,000 tons, has been added. If I talk about polyester, polyester also has a capacity of around 80,000 tons, almost similar numbers. However, the export market is quite impacted for the time being and therefore the overall export has gone down. Polyester obviously, the new capacity added is much more, because if

I recall there are close to 10 lines which have been added since 2021 and there the producible output which has been added is close to annualized 3.5 Lakh tons which is 30,000 tons per month. So, in the case of polyester, certainly there is an over capacity of easily 10,000 to 15,000 tons per month and we feel that it will take anywhere between a year, year and a half to get this capacity fully utilized.

Nirav J: And sir for the BOPP, do we see the capacity additions happening over next 1, 1.5 years in terms of newer lines being announced by the players. So, what's the outlook over there?

Management: In one year, there is no new line. In 1.5 years there will be one line. If it does not get delayed and in 21 months Cosmo line is also getting added.

Nirav J: And sir this operational capacity is what you mentioned, we should assume close to 70%-75% of their installed capacity or how the metrics work?

Management: Yes, broadly, it is 75% and it can change here and there. So, it normally stays between 70%-80%.

Nirav J: Second question is on the cost savings which you alluded in your opening remarks where you mentioned that one of the largest plant of ours in Gujarat has now been on 40% renewable power, two more would be installed, so I was just going through our annual report and our power cost in FY23 was close to Rs. 168 Cr. So, once we are installing our lines on renewable power and 50% of our power would be then coming from the renewables, what sort of cost savings could happen here? And you mentioned some figure of Rs. 50 to 60 Cr also on an annualized basis in terms of the overall cost savings. So, if you can just break it down between how much of the savings could come from power side and how much could be the other cost savings and where we are actually working for this cost savings?

Management: Almost 70% of this will come from power costs savings through multiple initiatives. One large initiative is moving to renewables, and 30% would largely come from raw material and some other minor initiatives.

Nirav J: So, when can we see the impact of this Rs. 50 -60 Cr accruing to us on a sustainable basis? So, could it happen next year, or could it happen for H2 of FY24? If you can just walk us through the timeline in terms of this benefits of cost initiatives?

Management: They will accrue in phases. One phase will accrue from quarter 2 already. It has started accruing and within one year, all of this will start accruing in the P&L.

Moderator: Thank you. The next question is from the line of Aditya Rathi of Aequitas Investments. Please go ahead, sir.

Aditya Rathi: Thank you for the opportunity, Sir, my first question is related to the specialty margin. So, if we see the average of FY23 compared to Q1 average, the margin has fallen down, so if you could break it up for us as to the reason why the margin fell and how should we see this trending going forward?

Management: Yes, see in specialty there is no margin fall at all. We had earlier mentioned that export market in last two quarters was quite disturbed because in the earlier quarters till July, importers outside India, they had imported more films from us in anticipation of COVID-related disturbances. Post August, we started seeing some decline in export volumes. Most of it got corrected by March. However, only one set of product line, we still see an impact there. So, there is a slight impact in the mix or basically one set of product line is not ordering, still the customer is very much intact, rest everything is back. So, if you really ask me for specialty film, there is absolutely no impact to our margins. Semi-specialty we have always stated that it declines to some extent, or it goes up to some extent in line with the commodity margins. So, semi-specialty margins have actually come down from last year by 30% from Rs. 55 to Rs. 38. So, there is an impact in the semi-specialty margin. But when it comes to specialty, there's absolutely no impact. Now the good news is, the previous two quarters the new growth was also curtailed because importers in general were saying that, look, we have too much of inventory, so we do not want to talk about new business, but we have started seeing already some good movements from May and June and lot of new additions are expected to happen within next six months. So, the specialty sales, which was growing for more than 25 quarters had a decline starting from July to September quarter. We already have seen a good improvement in April to June quarter, but we still have not surpassed our highest. And we feel that trend is already reversed now, and the sales team has travelled extensively in the last 4-5 months because customers are looking back to normalcy and putting new orders, testing new films, testing new solutions. So, we see that specialty films which was not growing in last 2-3 quarters will start to grow again.

Aditya Rathi: Perfect. And sir, the customer that you mentioned that one has not come back any indication from them when they will be back?

Management: Yes, they have given us an indication of August, September. The sales team was continuously talking to them, I need to personally talk to that customer and try and understand what the situation is, why is it taking so much time, but as of the current discussion that sales team had, they are talking about August, September.

Aditya Rathi: Understood, Sir. And my second question is related to the CAPEX announcement which came just two days back. So just needed some clarification with respect to this when we announce Rs. 55 Cr for Sun Shield and the second capacitor Rs. 32 Cr. So, is this part of the Rs. 100 Cr value add-on BOPET that we had earlier announced.

Management: The capacitor has nothing to do with the value-add of BOPET, but window film certainly has.

Aditya Rathi: So out of the Rs. 100 Cr, Rs. 55 Cr is this and the Rs. 32 Cr is the additional CAPEX that we are willing to do.

Management: And also, we had announced earlier that is similar to BOPP but there we will buy the film, most likely will import the film we will do the specific value-add to it and sell in the market.

Aditya Rathi: And sir, the third one, the rigid packaging. So, what are we planning to do in that?

Management: Rigid packaging is very similar to the flexible packaging. We will have same set of customers. The only difference is we will have much more business with the brands than the flexible film, where we do the businesses with the brands, but we end up selling to packaging companies. Here they will be direct interaction. There will be similar kind of raw material and there are lot of inherent strengths of this business, but it is very similar to flexible and rigid, but we will be obviously one of the very few companies in the world who will have both solutions for flexible and rigid and as a part of this, we will make our containers for the food industry.

Aditya Rathi: So, what's the kind of revenue and margins that we are looking in this particular business going forward?

Management: It's a new business, to be honest. It will initially take some time to scale up, because there will be detailed set of trials, printing and design element which is involved into it. But once it starts to scale up, I mean the current capacity that we have put up to begin with and can give us a revenue of Rs. 100 to Rs. 125 Cr and we feel that this business given that we will be initially still small in this business, will give us close to 15% of EBITDA level.

Moderator: The next question comes from the line of Harsh from HDFC Securities. Please go ahead, sir.

Harsh: So, I had a question, considering the addition of two new lines this year and anticipated arrival of five more lines next year, along with the current demand scenario. So, could you please provide you know your perspective on how to assess the outlook for this industry?

Management: No, we never said that there are five new lines coming up next year. We said only one line will perhaps come in 1 to 1.5 years. The BOPP industry had some oversupply in last three, four quarters. One was that the entire outlook was a bit dull. The exports were dull, the domestic market was also, especially the textile market was reeling under pressure. We see already an improvement in both the export market and some initial improvement has started coming in that textile market. So, we now see demand supply quite reasonably balanced, there may be still slight oversupply in the BOPP as such, and we do not expect the BOPP to remain oversupplied even in the next 1.5 years or even, two years. When you talk about BOPET, there is clearly an oversupply of 10 to 15,000 tons per month, which will take 12 to 18 months, but we do not have much of an exposure in the BOPET. We are largely a polypropylene-based suppliers and a BOPET supplier.

Harsh: Right and the recent announcement on the expansion, so is the new capacity coming in our existing facility or is it a Greenfield?

Management: It is coming in the same facility, the new capacity.

Harsh: And additionally, sir, if you could help me with the debt number as of June 2023 and how do we expect it to move forward?

Management: Net debt is around Rs. 450 Cr. And obviously over the next two years we have incremental CAPEX of close to Rs. 400-Rs. 450 Cr. We expect a large part of it to be funded from internal accrual. The overall debt may go up from Rs. 450 Cr to some extent, but obviously that is dependent on what kind of profitability numbers we will have in next two years.

Harsh: Right and sir on specialty chemicals, if you could share the current status of the business and how is the market shaping up?

Management: You see, there are a lot of innovations that we are doing in Cosmo Specialty Chemical. We have last year did revenue of close to Rs. 170 Cr within the second year and we continue to make new products. Adhesive is something that we have been testing the market for last one quarter. We expect that this will commercialize within next three months and adhesive could be a large business for us in the years to come and so is the coatings. But this is still early days for this business because there's so much of innovation required. This business is not so much CAPEX, this is pure innovation business.

Moderator: Thank you. The next question comes from the line of Bhavesh Chauhan of IDBI Capital. Please go ahead, sir.

Bhavesh Chauhan: Sir, in terms for Zigly, when do we expect it to become profitable at operating level?

Management: This should take us, obviously consumer businesses are very hard to project, but we feel in a two years' time 2025-2026 in some quarter we should start to make money. But the good thing is QoQ or month on month we are seeing a ramp up in revenue. Now we feel we have understood this business fairly well. We feel that the growth should happen even faster because initial 1-1.5 years we had to do lot of trials we had to make sure that we make our business model perfect and now we feel that we have reached a reasonable conclusion what is the best business model for us and how we are going to scale up. We have already seen QoQ growth, and we feel that this growth will even become faster.

Bhavesh Chauhan: Sir, in terms of this unrelated business, when we compare our BOPP or even BOPET business, when should we expect some sort of a demerger happen? Is it that the management thinks that only after it becomes profitable, we might look to demerge or something like that?

Management: You are more or less right there, though we have earlier said that within the calendar year 2025, we would look to demerge. But, ideally speaking, we would like to demerge when we will be in kind of a breakeven situation and which we feel that in the calendar year 2025. We should start to hit the breakeven numbers.

Bhavesh Chauhan: And so lastly, in terms of BOPP spreads, do we feel that now the margins have bottomed out?

Management: In fact, you hear media announcements, we are clearly stated expects worst to be behind.

Bhavesh Chauhan: How is July, August shaping up, sir?

Management: This is looking better for sure. Things are looking better.

Moderator: Thank you. The next question is from the line of Guneet Singh of CCIPL. Please go ahead.

Guneet Singh: I just want to understand in in terms of how the market conditions are currently, we are sitting in August, right now. So, what kind of outlook do we see for FY24 in terms of topline and bottom line? And as we see that the worst is behind in terms of margins, so what kind of margins can we expect overall for FY24?

Management: And we normally do not like to give forward projections any, which way now the new SEBI regulations does not allow us to commit. But I think QoQ, we do expect that worst is behind and there should be improvements.

Guneet Singh: So, I mean without giving any guidance in terms of revenues, would we be able to maintain the revenues we achieved in FY23, or do we expect some sort of a growth over that?

Management: Our volumes are already growing because last year we added BOPET line, so volumes are grown, but what really happened is that the raw material costs have really gone down tremendously. And given that most of our volumes are linked to raw material close to 60%-65% of our volumes are linked to raw material. And therefore, if the raw material comes down, our revenue also comes down. So, in volume terms, our revenue is already going up. It is just that temporarily the last quarter raw material prices really went down quite a bit. And what we see is even the raw material prices have bottomed out and now they should only go up from here. So, therefore, even the revenue numbers should go up in the next quarter.

Guneet Singh: So, directionally, if we look at FY23, we had around 12% EBITDA margins. So, I mean directionally since we are saying that the worst is behind us, can we expect at least last year's margins this year or looking at the market conditions currently, how do you expect the margins to be?

Management: Obviously, our EBITDA margin last year was 14%, but I do not know if you are excluding other income to that, most of our other income is linked to business. But irrespective, as I said, it is very difficult to forecast numbers, but I will repeat myself that we expect the words to be behind us.

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

Vipul Kumar Shah: So, can you give the revenue and EBITDA figure for pet care vertical, this quarter?

Management: Yes, we have already given in our media announcement that we have already started touching our gross sales of Rs. 3 Cr in the last quarter and July was even better and we expect others even to be better. So, it's month-on-month increasing.

Vipul Kumar Shah: No, Rs. 3 Cr is the monthly run rate of revenue, but what about EBITDA level?

Management: Yes, EBITDA levels right now, obviously we are making losses and as we said that it will take us minimum two years to be profitable.

Vipul Kumar Shah: No, but can you share the EBITDA level please?

Management: Right now, we did around roughly Rs. 7 Cr of losses.

Vipul Kumar Shah: That is at net level or EBITDA level, Sir.

Management: EBITDA level.

Vipul Kumar Shah: And sir, can you split your 65% specialty sales into specialty and semi-specialty?

Management: Broadly, it is 50:50, slightly skewed more towards specialty than semi-specialty.

Moderator: Thank you. The next question is from the line of Nihar Dave from Vallum Capital. Please go ahead.

Nihar Dave: I just wanted to ask so in in the previous quarter you had mentioned that close to 75% of our CSC is being used internally. What is the change that we are expecting on that and what kind of cost savings are we looking to make once CSC starts expanding?

Management: Right now, now, most of the new sales will happen in actually external and they will not be as much internal whatever internal we have to do, has already happened. So now the new growth would actually come from external sales, whatever cost sales at the group level had to happen has already happened. And what is really happening in CSC is that we are having these savings at the same time we are investing in our future. So last year also we had a very small EBITDA, years before also, these are all single digit EBITDA numbers that we had in last two years. And the EBITDA numbers are right now lower for CSC because of the reason that we are investing a lot in the future growth. So, we have a very strong R&D team. We already have manufacturing and sales team. So, there are a lot of fixed cost which is taking away some of the EBITDA for the future growth.

Nihar Dave: My second question is can you give me this the revenue contribution for specialty, semi-specialty and commodity films please?

Management: It doesn't really fluctuates a lot in terms of volume, what are the percentage to overall sales, but it fluctuates a lot from QoQ because commodity prices keep changing a lot.

Nihar Dave: And sir my final question is, what is our concentration in terms of countries as far as our exports is concerned because I see US, Mexico, Germany and UK are major destinations for us if I am not mistaken.

Management: We are a very well-known global brand. That is the reason we have customers in more than 100 countries.

Moderator: Thank you. We have a next question coming from the line of Navneet Bhaiyya. He is an individual investor. Please go ahead, sir.

Navneet Bhaiyya: I wanted to understand the inventory loss that you had in this quarter. I thought this industry was mostly operating on a cost-plus basis. However, in this quarter, we had a Rs. 20 Cr loss. I think in Q3 also last year we had about a Rs. 14 Cr loss. So just wanted to understand how exactly the inventory mechanism or the cost-plus works?

Management: In the COVID period raw material prices continue to go up and obviously during COVID two years we made substantial profit also and I am sure some of the profits would also be linked towards stock gains that we had during that time. Because at that time, everything was continuously going up. Post COVID, there was one major correction, as you rightly pointed out last year and there is one major correction which happened now. Obviously, these price corrections happen also to some extent in the sales price, there could always be minor timing gaps and we as I said earlier that we have already bottomed out on the raw material. This is what we feel and therefore raw material costs should also now start going up.

Navneet Bhaiyya: So, there is a possibility of minor both side corrections as an upward gain as well. It is not like 100% pass on industry on the raw material.

Management: If the demand supply situation remains constant, then this industry certainly passes on the raw material ups and downs.

Navneet Bhaiyya: Right, on your BOPET line, the 30,000 empty capacity that you have. So how is our capacity utilization over there right now and since we are focusing mostly on specialty BOPET, do you foresee any issues in ramping up that utilization given the commodity side of BOPET being heavily oversupplied?

Management: BOPET, we intend to have largely specialty films. We have already one is shrink labels, but we have also come out with 3-4 very beautiful films. One is meant for microwave oven film, which is again a very beautiful film. We have come out with obviously window films. So there are a range of films that we are going to come up with that line, but specialty takes a lot of time and we had earlier said that in 3 to 5 years we expect 50% of this line to have specialty films. So, this is the beginning of the business we are developing already, I would say close to 150 tons of monthly volumes, we have picked up on specialty films and as we move along, this will continue to go up for us.

Navneet Bhaiyya: 150 so that is about 2,000 tons on specialty right now. So that's about 10% or a little less than 10% on this line.

Management: It will be less, but it takes time. So, QoQ there will be growth and maybe in the years' time it will ask us again these 2,000 tons may move to 5,000-6,000 tons.

Navneet Bhaiyya: So, the remaining part, as of now in the foreseeable future as well may not yield a lot of returns for us because of the industry oversupply situation in BOPET.

Management: Yes, BOPET for next one year we do not expect any decent margins to be made right now to be honest, we are making EBITDA losses on the BOPET line because the capacities are also not fully utilized. However, what we feel is that sooner than later, at least we will start doing EBITDA breakeven on this line. The profitability may start take a year, year and a half time before we start making some money.

Navneet Bhaiyya: And on your specialty chemicals, what is our utilization last quarter, I believe it was about 50%, so how are our plants over there getting utilized now?

Management: Actually, Q1 to be honest, was even lower because one of our masterbatch lines had some issues on the line. Which we are trying to correct along with the suppliers, there is one particular component which did not work well. So last quarter our utilization had actually gone down rather than going up, but that was not because of demand, but because of some equipment challenge which should get sorted out. It would take some time before we get fully utilized and majority of this extra capacity is actually adhesive which is just a start of the business. So, it will take, I feel 1.5-2 years for this capacity to get filled up. All these are innovative businesses and this does take time, but once it takes time then it gives you permanently higher margins for a very long duration.

Navneet Bhaiyya: Lastly on Zigly. So, I think in March had 15 experience centers and now we have about 16. Whereas our target is to reach 200 by March 2025, so are we on track on for that? Is the base likely to increase or how is it going to?

Management: We never said 200 by March, we said we intend to have 200 overall. We actually never gave any upper limit. We said that till the time we find that there is a scope we will continue to expand. We feel that the inflection point for this industry will really come from the year 2026-2027 and there's a certain logic for that, which obviously I cannot share in this call. So, we will continue to open more experience centers/ stores, obviously after a point in time when the brand is established, we will start opening franchisee stores also. But I do not think so March 2025, we look to have 200 stores by March 2025, we will have maybe close to 75 stores at best.

Moderator: Thank you. We have the question from the line of Logesh Selvaraj. He is an individual investor.

Logesh Selvaraj: My question is regarding the recent increase in promoter stake in the Company. I am curious to know whether promoters are considering further increasing their stake in the near future and if so, what factors are influencing this decision?

Management: Yes, our promoter certainly feel that our share is highly undervalued. There is a lot of value to be unlocked in the years to come. We are creating some very big businesses in next 4-5 years and I am sure that must be the reason that promoters have want to acquire shares and they definitely look very optimistic on the Company. And though it is their individual decision, but what I understand is that yes, they do understand that this is a very good opportunity for them.

Moderator: Thank you. We have a question from the line of Vipul Kumar Shah from Sumangal investment. Please go ahead, sir.

Vipul Kumar Shah: Just one small clarification sir. So, this specialized BOPET line, what is the CAPEX for that because on Slide #16 it is mentioned as Rs. 100 Cr and slide 21, it is mentioned as Rs. 450 Cr.

Management: Yes, the total CAPEX is Rs. 450 Cr. The value-added section has taken Rs. 100 crores on it but overall CAPEX is Rs. 450 Cr.

Vipul Kumar Shah: Rs. 450 Cr for that and what will be the capacity of that line?

Management: Close to 30,000 tonnes

Vipulkumar Shah: So it will come online in different phases?

Management: Yes, most of it had already come last year. The balance will come along with the window film line in the current year.

Vipulkumar Shah: So lastly, out of Rs. 450 Cr, what is the CAPEX we have already incurred on this line?

Management: We have already incurred close to Rs. 375-Rs. 400 Cr.

Moderator: Thank you. Since there are no further questions, ladies and gentlemen, that was the last question for today's conference. I now hand the conference over to the management for the closing comments. Thank you. And over to you, sir.

Management: Thank you. Well, the Company is strong. Its specialty films' portfolio should continue to deliver through superior returns is what we feel. Although, the near-term outlook for the BOPP and BOPET is little challenging. We are working on several cost specialization projects, R&D projects in the films business, which will continue to provide edge. Zigly is rapidly becoming well known among the pet parents, benefiting all pet lovers and the Company's stakeholders. Specialty chemicals division should continue to double its revenue from here in years to come.

Finally, I would like to repeat the statutory declaration. Certain statements in this conference call 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 guarantee of future results. Thank you very much for joining, we really look forward.

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.

Note: This Transcript has been slightly edited at few places for clarity and accuracy.