Cosmo First Limited
Q2 FY27 Earnings Conference Call
November 04, 2026

Moderator: Ladies and gentlemen, good day and welcome to the investor call of Cosmo First Limited to discuss the Q2 FY27 Results.

Today, we have with us from the Management, Chairman and Managing Director - **Mr. Ashok Jaipuria**, Group CEO - Mr. Pankaj Poddar, Group CFO - Mr. Neeraj Jain, CEO Zigly and Head Corporate Development - Mr. Saurabh 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 participant lines will be in listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during this conference call, please signal for an operator by pressing '*' followed by '0' on your touch-tone telephones. Please note that this conference call is being recorded.

Now, may I request Mr. Ashok Jaipuria – Chairman and Managing Director, to take us through his opening remarks. Thank you and over to you, Chairman Sir.

Ashok Jaipuria: Thank you. Good afternoon, ladies and gentlemen, and a very warm welcome to Cosmo First's Q2 FY27 Earnings Conference Call.
As we enter the festive season, I extend warm Diwali greetings to all our investors, stakeholders, and current and prospective shareholders. This is the first investor conference call that I am attending, following several requests for my participation. We continue to operate in a highly volatile environment. Developments such as the conflict in the Middle East, volatility in petroleum markets, and broader global uncertainties are beyond the control of any individual company and have created a challenging operating environment.

At Cosmo, we are trying to navigate each of these challenges. Some we are able to anticipate and prepare for, and we have grown stronger through them, while others we are still grappling with.

Coming to Cosmo, I broadly view the Company in two parts: our established B2B businesses and our newer B2C verticals. Our B2B businesses are profitable, delivering profitable growth and strengthening their market positions through a greater focus on specialty sales. At the same time, our relatively nascent B2C businesses are scaling strongly, supported by sustained investment in brand building and expansion. Profitability in these businesses will take time to mature, although some have already reached a more mature stage and are delivering the desired results.

Growth has always been very central to our philosophy, but we are very picky and choosy on the growth as we remain focused on building and scaling businesses for the medium term. In this journey, we are going to do two capacity additions to further enhance specialty products. In H2 of FY27, one of the world's most advanced coating film line and 9 barrier sheet line for which we will discuss further details. We have also moved towards a 10-meter line with the highest speed and the biggest capacity in the world on our BOPP films last year. Polyester films also, we have now gone on new products which for the first time in India and possibly in the world to a large extent we are doing well and we are growing in those businesses of PETG which we are hopeful that will stand us well in the future.

Our focus in the films business is on accelerating the specialty portfolio, strengthening the core business model and having high level of customer satisfaction driving superior returns on capital employed. Going forward, the growth CAPEX will be increasingly aligned towards the specialty products and products with better margins, differentiation and capital efficiency. Aligned with specialty strategy, we are adding 16,000 tons of high-end chemical coated film capacity in second half of FY27.

Coming to specialty chemicals:

We continue to scale strongly with the H1 '27 revenue growing 59% to approximately Rs. 155 crore driven by three niche verticals of coating chemicals, masterbatches and adhesives. Our medium term, we see this business building at close to Rs. 500 crore revenue with a 20% plus ROCE supported by sustained growth across these three verticals.

Plastech, another business that we initiated two to three years ago with H1 '27 revenue growing 73% to Rs. 75 crore as we continue to expand our presence in specialty rigid packaging. The upcoming 9-layer barrier sheet film with 10,000 metric tons annual capacity will expand our specialty product capabilities and support the next phase of growth with a relatively modest capital investment.

Both the consumer businesses, Cosmo Consumer, which is the window films, paint protection film and ceramic coatings and Zigly, our pet care business continue to scale up with 260% and 58% topline growth respectively in H1 '27 year-on-year basis.

In Cosmo Consumer encompassing window films, paint protection films and ceramic coatings, our focus is on expanding the distribution network and strengthening market reach. Alongside growing our domestic presence, we are increasing our focus on international markets and exports, creating a larger addressable market for the business. This as you know is our ethos and our culture in Cosmo that we believe that we should be competitive in the international market also. Zigly continues to build scale in the pet care ecosystem with its network now spanning on 48 centers including three hospitals with medical care, strengthening our omnichannel presence and service capability. Going forward, our focus remains on scaling

services, particularly vet services and growing our private label portfolio along with grooming. We believe it will support the sustained growth and an improved business mix vis-à-vis our competition.

Going forward, company's priorities are very clear. Deliver sustainable growth across businesses, improve ROCE, reduce our net debt while creating enduring value for all our stakeholders. As you are aware, we have embarked on a CAPEX cycle of high investments in the last three years which is roughly about Rs. 1,250 to 1,300 crore and now we will be in a position to fully leverage the CAPEX done on various products. The company is also going for further increase in renewable power as we believe both in the environment and economic benefit to the company. By next year, renewable power is expected to account for approximately two-thirds of our power requirements. This will support our sustainability objectives and generate estimated annual power-cost savings of approximately Rs. 25 crore to Rs. 30 crore.

Coming to Cosmo performance for September '26 quarter, we had a good quarter. Our consolidated sales have grown by 51% and EBITDA has grown by 38% on year-on-year.

Now, while Neeraj will share with you the financial results of the company, I would also like to mention that with me the Management Team is here with Pankaj Poddar –Group CEO; Neeraj Jain, Group CFO; Kulbhushan Malik- Global Business Head- Cosmo Films and Saurabh Jain - CEO Zigly and Head Corporate Development.

Over to you Neeraj, will you please take some of the results with our investors and then if there are any questions we will be happy to address them. Thank you.

Neeraj Jain: Sure sir, many thanks. So, I am going to first provide an overview of financial results for the Q2 FY27. Consolidated sales for the September '26 quarter is Rs. 1,388 crore which is higher by 51% on year-on-year basis backed by higher volume by 15% and increase in the raw material prices which got passed on to the customers. The company has posted EBITDA increase by 38% in September '26 quarter to Rs. 177 crore compared to Rs. 128 crore in September '25 quarter. The incremental EBITDA is primarily driven by five factors.

- First, higher specialty volume by 20%. Second, higher overall volume of the company by 15%.
- Number three, better BOPP, base BOPP for margin by about Rs. 7 per kg.
- Number four, enhanced performance of our USA film business which has delivered more than 50% growth on year-on-year basis in Quarter 2.
- And number five, higher EBITDA by our new B2B business verticals by Rs. 12 crore which constitute a specialty chemical increase by Rs. 7 crore and rigid packaging plastic increase by close to Rs. 5 crore.

Q2 FY27 EBITDA was also affected by two non-recurring items. First, the US subsidiary recorded a write-back of approximately Rs. 24.8 crore following the receipt of a refund of additional customs duties from the US Government. Second, the Company recorded an inventory loss of Rs. 7 crore due to a sharp decline in raw material prices. On a net basis, these two items contributed approximately Rs. 18 crore to Q2 FY27 EBITDA. Excluding both items, EBITDA for the quarter would have been Rs. 159 crore, representing 24% year-on-year growth. The Q2 FY27 EBITDA margin was 12.8%, compared with 14.0% in the corresponding quarter last year. Revenue grew by 51% on 15% volume growth, reflecting higher realizations linked to raw material prices. As we discussed in past as well, margin percentage is not the right benchmark to look at for the performance of the industry as raw material prices keep on changing. We generally look at the absolute EBITDA and contribution per kg as the key benchmarks and both have improved on year-on-year basis. As mentioned earlier as well, the normalized EBITDA for the Quarter 2 grew 24% year-on-year.

Our BOPP gross margin was running Rs. 29 per kg in September '26 quarter compared to Rs. 30 per kg in June 26 quarter and Rs. 22 per kg in September '25 quarter. On the other hand, BOPET gross margin was running at Rs. 12 rupee per kg in September '26 quarter versus Rs. 9 per kg in June 26 quarter and Rs. 6 per kg in September '25 quarter. You may also like to note that BOPET is a smaller business vertical for Cosmo which is close to 10% of the BOPP capacity.

Our specialty film margin remained broadly stable at close to Rs. 62 per kg and that's the reason why the company is focusing more on improving the specialty film sales. Our specialty and semi-specialty taken together is running close to 60% of total volume of the company which is growing by about 10% CAGR growth rate from last six years, although our H1'27 growth rate has improved to 20% on the specialty side. The company has adopted concessional tax regime, which is popularly known as the new tax regime also from FY27. Q2 tax includes one-time credit of Rs. 14 crore rupees arising out of this transition. For FY27, we expect effective tax rate to be tax income in the range of -6% to -7% (tax writeback).

Now, we'll move towards the business vertical wise performance. Specialty chemicals, the subsidiary continues to perform very well with 80% plus topline growth backed by 60% volume growth on year-on-year basis. Q2 posted 23% EBITDA by the subsidiary. Rigid packaging for Cosmo Plastech Quarter 2 was our second consecutive profitable quarter with revenue of Rs. 39 crore, up by 90% compared to last year and with 8% EBITDA margins. Brand sales for the Plastech rose to 67% from 50% year ago.

As Chairman mentioned, the business vertical is going for an expansion in second half of the FY27 with 9 layers barrier sheet line with annual capacity of 10,000 metric tons which will further enable higher and improved specialty products with a very minimal CAPEX.

Moving to our consumer businesses, both Zigly and Cosmo Consumer continue to scale. Cosmo Consumer's revenue grew by 70% in Q2 FY27 and by 2.6 times in H1 FY27. The business

recorded an EBITDA loss of Rs. 4.5 crore in Q2 FY27 as it commenced television advertising and brand-building initiatives from July 2026. India's paint protection film market is estimated at approximately Rs. 500 crore and is growing by about 30% year on year. Industry penetration remains at only 1% to 2%, compared with approximately 15% in China. To capture this opportunity, we increased our paint protection film dealer network from 150 at the end of the previous quarter to 250 during the quarter. Our window film network has also expanded to 150 dealers across more than 100 cities. We now operate four Cosmo car care centres.

Moving to Zigly, our pet care division. Zigly has grown by 47% in Quarter 2 on year-on-year basis. The business mix is moving in a very good direction. Services were 68% of the offline sales in Quarter 2. Also, private label sales has grown in fact more than doubled in Quarter 2 on a year-on-year basis.

Moving to a few corporate, net debt at September 26 has reduced to Rs. 1057 crore which is 1.9 x to EBITDA. This is as against Rs. 1159 crore at March end and this reduction of close to Rs. 100 crore despite net working capital increase by Rs. 148 crore due to increased raw material prices post West Asia war. There is a very clear focus to reduce the net debt substantially in next 2 years as no major CAPEX is planned in the short term. It is also clarified that majority of the debt related to growth CAPEX mentioned by the chairman is already included in September '26 balance sheet.

Well on that note, we conclude our opening remarks and would be glad to discuss any questions, comments or suggestions which you may have. Thank you.

Moderator: Thank you very much sir. The first question is from the line of Nirav Jimudia from Anvil Wealth. Please go ahead.

Nirav Jimudia: Good afternoon team and heartening to hear the comments from Chairman sir. We wish that this would continue in the quarters to come. Sir, few questions from my side. So first on you touched upon the specialty side of our business and you also touched upon the US market which is now picking up in terms of volumes and you are seeing the increased traction over there. Just wanted to have your thoughts in terms of how much is a room of growth in terms of topline from the US geography like what we are at currently and what optically it looks like in second half or let's say for FY28 if you can share your thoughts. Also, with respect to the capacity utilization what we have achieved in second quarter for the film business as a whole, how much is a further room in terms of improvement in volumes and I guess there would be improvement on the specialty side also but some understanding in terms of the volume side that would also help and thirdly in terms of the newer BOPP capacities which are coming up. So if you can share your thoughts here in terms of timeline of those capacities coming online that would be helpful.

Management: US has grown 35% (volume terms) in the last quarter. It is expected to do roughly $70 million in this financial year. Our highest was during COVID time in FY22 when we did $60 million and then when the duty was implemented last year, it came down to roughly $50 million. We are anticipating this to grow even further next year and our target is to exceed $100 million target for the next year. From the volume perspective, we are roughly 90% utilized and we still have roughly 8-10% potential to increase our volumes further. BOPP lines, most of them will be coming or getting commissioned over the next two years but what we have seen is that whenever multiple lines are being planned, some may get deferred so we have to really see what happens, but then India is poised to easily consume 1.5-2 new big lines every year and then as we have stated many times in the past that we are far more focused on growing our specialty, on growing our exports and we will continue to be on that track. In fact, we have recently commissioned a new coating line also to grow our specialty films.

Nirav Jimudia: Just a follow-up here. In terms of specialty volumes, anything in our mind in terms of the percentage mix in FY28? You touched upon reducing the debt, which is our main focus currently, so given the reasonable spreads in the commodity BOPP and the reasonable assumption of the specialty as well as the semi-specialty films, what sort of internal targets we have set in terms of reduction in the debt over the next 2 years? Thank you so much.

Management: So this year we should be doing around 60% specialty with an increase in volume that we are overall seeing. So even on our increased volume, we should be doing roughly 60%. Our next year target should be anywhere between 65%-70% and in the medium term we would ideally like to take this number to close to 80%. The net debt we are expecting to reduce by roughly Rs. 300-500 crore over the next two years.

Moderator: Thank you. The next question is from the line of Aman Agarwal from Nuvama AMC. Please go ahead.

Aman Agarwal: Good afternoon team. Congratulations on a good set of numbers. My question was mainly related to the BOPP spread. As I remember correctly, last quarter you did highlight that excluding the one-offs, it would have been Rs. 20 on per kg basis while the reported number was Rs. 30 but excluding the gains, inventory gains and everything it would have been Rs. 20 per kg. Now this quarter if we see the margins are still at elevated levels of somewhere around Rs. 29 per kg. This is the base BOPP spread I am talking about and this is despite an inventory loss of Rs. 7 crore that you reported. Can you please help us understand how should we think about this in terms of spread and what is the current spread that is prevailing?

Management: In Q1 FY27, we reported Rs. 30 per kg, while in Q2 FY27 the margin was Rs. 29 per kg, so the reported figures were broadly aligned. However, Q2 included a one-time, non-recurring inventory loss of approximately Rs. 7 crore, whereas Q1 included an inventory gain. This explains why the reconciliation may not be immediately visible.

Aman Agarwal: Sir, actually my question was for 1Q if you see, you did say in last call that excluding those one-off gains that you mentioned, 1Q margin would have been Rs.20 per kg is what I understand you said in last quarter. Now while comparing 2Q numbers, I am referring more to that excluding gain numbers. So Rs. 20 per kg is more of a compatible number I am looking over here and from that level there is a significant improvement in margin which I am not able to understand. So just again I think on this increase?

Management: No, I think there is some gap. So apple to apple comparison was Rs. 30 for the last quarter.

Aman Agarwal: Secondly, on FY27 full year CAPEX number, any guidance you would like to give? I think first half is somewhere around Rs. 90 crore. What's the plan for entire year?

Management: Well for this year, we are looking at close to Rs. 100 to Rs. 110 crore of the CAPEX. For the next year, we have actually there would be maintenance CAPEX and some possible CAPEX around the specialty growth, but that will not be very high kind of the CAPEX. So CAPEX plan for the next year is although not yet Finalized, but it's not going to I mean it's going to be maybe Rs. 50-70 crore kind of the range but little premature to talk.

Aman Agarwal: Understood sir. And lastly on the Zigly business, we have been talking for a long time of a possible transaction on that business. I understand you had given maybe a scale rather reach a scale first for a particular level of and then look at some transaction coming in. Any update on that sir?

Management: See the reason for us to talk about the potential transaction was that we believe that the Zigly's valuation is not rightly reflected in the Cosmo First valuation. So we continue to evaluate ways to bring that out. We will come back to you and inform the exchanges when we have something concrete to talk about but we continue to explore options which help us achieve that objective. The key objective for us is that Zigly's next phase of growth should not weigh on the Cosmo's balance sheet and that's what we are also trying to address through the various options that we spoke about. So allow us to come back to you when we have something concrete to share with you.

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

Aman Kumar Sonthalia: Good evening, sir. I have certain questions regarding this chemical business. So this is the quarter we have grown very well, but out of this sale, how much is third party sale and how much is in-house sale?

Management: Third party sale was close to 17% in the Quarter 2.

Aman Kumar Sonthalia: So how do we foresee this third-party sale going forward?

Management: Well, the growth rate for the third party sale is even higher compared to the internal group sale. So that way in the years to come, you will see that ratio improving maybe towards 50-50 in the medium to long term.

Aman Kumar Sonthalia: Okay sir. Sir in the Zigly business and Cosmo Consumer business, the growth is quite good but if we compare with the previous quarter, the growth rate is quite muted. So what is the reason behind that?

Management: Let's talk about the two businesses separately. If you look at the Cosmo Consumer business, so there is certain element of seasonality which comes in Q2. Overall if you see that the revenue growth even in Q2 was very high at 70% and the H1 was 2.6x of last year. The seasonality was weak because the demand for sun-controlled films peaks in the Q1 which is April to June summer and July to September is slightly lower because of the monsoon.

Aman Kumar Sonthalia: And about the Zigly business?

Management: Zigly business again, there is element of seasonality in Q2 because of summer the footfall slightly gets lower. Having said that, again if you look at from a year-on-year expansion point of view that's still more than 50%.

Aman Kumar Sonthalia: So how do we foresee the growth going forward in both the businesses?

Management: We continue to project more than 60% growth in both the businesses and I think we are very well on track on both the businesses to achieve that level of growth.

Aman Kumar Sonthalia: Sir, in the second half, we are coming out with two value added products. It's one coating line of 16,000 and one barrier sheet line. So what type of margins we have in both the businesses since you said that's a very high margin business.

Management: It is a 9-layer sheet line which is for barrier sheets and the other is a coating line. Both these have very good margins. In fact as regards barrier sheet line, we have only one other competitor in India. We already have one barrier sheet line and we are adding the second one now. As far as coating is there, we are one of the largest players in the world when it comes to films and coatings and we are again adding our capacity because of the increased demand on the coated. Both businesses have roughly 20 plus percent margins on it.

Aman Kumar Sonthalia: Sir, we have participated in the tender of currency note. So any update on that?

Management: It is a confidential matter. Whatever is available in the public domain, it is there for the investors to look at. We have NDAs and we cannot share much on this.

Aman Kumar Sonthalia: And one suggestion to the management, since our equity is very thinly traded in the stock market, so if you can split the shares, it will be very good for the investors to trade.

Management: Okay, noted. Thank you.

Moderator: Thank you. The next question is from the line of Saransh Gupta from SVAN Investments. Please go ahead.

Saransh Gupta: Congratulations on a decent set of quarters. Sir, I had a few questions. Firstly, what is the current spread that is going around in the market for BOPP and BOPET?

Management: Well, broadly, it's in line with the average of the previous quarter.

Saransh Gupta: And how are we seeing the trend like will it sustain at those levels? How is it?

Management: I mean, as you know, Quarter 3 generally has a seasonality aspect in the film business because Christmas holidays for the export and in India, you have Diwali festival. So, with that seasonality, there may be up or down in terms of the margin. Other than this, we see broadly a normal quarter.

Saransh Gupta: And sir, if I rightly recall, you said that our specialty and semi-specialty segment would contribute around 60% of our BOPP mix. So, I believe that for the target of 65 to 70 next year, like what will be the lever of growth, like where is this growth going to come from and then to 80%?

Management: Next year, we are given a projection of 65 to 70%. And there are multiple business verticals within the film where this growth is going to come from. We are actually growing in all the business verticals, whether it is packaging, labels, graphic. But our biggest focus lies in graphics, lidding, labels and synthetic paper. And in the times to come, we're also looking at security as one of the critical areas to focus upon.

Saransh Gupta: And sir secondly, I see that our consumer business has reported a loss because of increased advertisement expenses. So, what can we assume as a timeline for it to become break-even?

Management: See, we will continue to invest on the marketing cost for the next 2 years to build a brand in India to begin with. And therefore, next two years, we expect that there could be some losses on this business. They are not so significant for us. And then we will taper it down as a percentage to our revenue.

Management: And just to add to it, if you exclude the advertisement and the marketing spent, the business is very close to the operationally break-even.

Saransh Gupta: So, we spent somewhere around Rs. 4 crore for the advertisement, if I'm right.

Management: Just to add, the way we look at this business is, the other foundational things that we are doing to build this from ground up. So, for example, the dealers that we have been able to add, the

number of dealers for PPF has increased from 150 to 250. The window film dealers have increased by close to 150 now across 100 cities. So, all those things, along with the TVC campaigns that we are running, will be able to help us build a brand. And that's the investment that we are doing in distribution and brand in the initial years.

Management: And see, with the time, once our volumes scale up, our gross margins will also go up. Right now, the volumes are growing on this year-on-year. And once they reach a certain level, the gross margin will almost go up by 30-40% versus what they are.

Saransh Gupta: Sir, I just wanted to understand, what would be the break-even level, at least in terms of revenue, because I believe that we have given a target of Rs. 200 crore till FY30.

Management: See, it is all dependent on how much investments we do on the marketing costs. It's very difficult to give a number like this. As Neeraj mentioned earlier, that without marketing costs, we are break-even already. And therefore, it is a prerogative and we will see a situation quarter on quarter. Our objective is clearly to build a brand and we are a very, very strong player to begin with in India.

Moderator: Thank you. Next question is from the line of Abhijit from 129 Wealth. Please go ahead.

Abhijit: Yeah, so my first question will be regarding the new 16,000 metric tonne coating line which is coming online during H2 FY27. So, when this line ramps up, will 100% of the substrate come from our own base film? And related to this, within our own specialty basket, will the chemical coated film earn a higher per kg margin than the current specialty average?

Management: Yes, coated films in general earn better margin. And this line will be commissioned in H2FY27. And over the next two to three years, we would like to fill up this entire capacity from the new line.

Abhijit: So, will the substrate come from our own base film? Will there be capacity consumption?

Management: Right now, we use entirely our substrate. And all the coatings that we do. Having said that, it doesn't mean that in the future, we will not explore other substrates. But right now, for last 10-15 years, we have been busy coating our own substrate.

Abhijit: Understood. And regarding the semi-specialty margin, it declined from I think Rs. 45 in the last quarter to Rs. 40 in this quarter per kg. So, can you help us understand what drew the drop in margin?

Management: There are two factors. One is the customer mix change and the product mix change. Excluding those, the margins were almost close.

Abhijit: Understood. And my second question is, with the decline in raw material prices, since it has pulled up from the peak, are you still carrying a high-cost inventory that could cause another inventory write-down in next quarter?

Management: Raw material prices have increased further this month. The market remains highly volatile, and it is difficult to predict when a reversal may occur, as movements are currently linked to the West Asia crisis. Raw material prices may decline at some point, but the timing is difficult to predict.

Abhijit: Understood. And in the last quarter, you had mentioned about port congestion and container delays. So, is that shipping congestion issue completely resolved? And again, how much of Q2 FY27 volume growth has been from last quarter?

Management: The situation continues to change every fortnight. Conditions improved last quarter, but we have again encountered certain port-related challenges during the current quarter. We are monitoring the situation closely. As mentioned, it is linked primarily to the West Asia crisis and therefore remains difficult to predict.

Management: But just to add to it, I mean, if we compare Q2 versus Q1 in terms of the port congestion situation, it has slightly improved in Q2. And that's why it's reflecting in the better volume also for the quarter.

Moderator: Thank you. The next question is from the line of Kevin Gandhi from CapGrow Capital. Please go ahead.

Kevin Gandhi: I have one question regarding the specialized coating line with a capacity of 16,000 metric tonnes and the 9-layer barrier sheet line. What capital expenditure has been incurred on these two projects?

Management: All these CAPEX have largely been included in the Quarter 2 financials. So, you may not expect any further CAPEX on these two assets.

Moderator: Thank you. The next question is from the line of Anil Nahata from Parami Financial. Please go ahead.

Anil Nahata: Congratulations on a very decent performance given the very tiring circumstances as mentioned by the Chairman. So, that is very heartening to see. My first question would be to understand more on the JV with Korean entity and what is the scope of this JV and how it is going to pan out in terms of volumes and value over the next couple of years, products value, everything else. So, I would appreciate if you can give us a slightly detailed explanation on this.

Management: So, see, Korea and Japan are specialty markets. The customer approval takes its own course of time. So, it will happen in a phased manner. But then over a period of three to five years, we

do expect decent margins to come from that geography. We are working on Japan side also by having our own team. And in Korea, we have done this joint venture to grow the volumes over there. But it is going to take some time because these markets, their approval process is longer than the other part of the world. And then the customer retention also is much higher.

Anil Nahata: And so, this is basically us putting our products into their channel. Are we also taking their existing product into our channels in Europe and US?

Management: We are doing both.

Moderator: Thank you. The next question is from the line of Aryan from Equitas Investments. Please go ahead.

Aryan: So, congratulations on a great set of numbers. I just wanted to understand the two lines which we are going to start in H2 FY27. So, can you give some kind of date as to when we will start and what is the additional revenue potential from these two lines?

Management: See, both are specialty assets. So, they will take some time to grow on revenue because in both the cases, we will have to have customer approval for them. So, you will see quarter-on-quarter growth on both the numbers, and they are both high specialty margin lines. So, you will accordingly see progress.

Aryan: So, at the peak, what is the revenue potential with these two lines?

Management: In the case of coating, the process adds value to our base film, with a potential value addition of approximately US$0.70 to US$1.00 per kg (including base film margin). For the barrier sheet line, the value addition over the base sheet is approximately US$0.70 per kg. As mentioned, both assets are high-margin businesses. However, customer approvals will take time.

Aryan: Understood, sir. And second question would be that you have mentioned that the USA film business was good this quarter. So, just wanted to understand, number one, was it good because it was a low base last year because of tariff? That is number one. Number two is that we were hearing a lot of companies say that freight rates have increased a lot. So, it was very difficult to export the product because the freight rate was unsustainable. So, are we facing that kind of problem? Because what has the volume growth been like in this quarter? So, just wanted to get more understanding on the USA films.

Management: On the specialty on your previous question, I would also like to clarify that in spite of such a big base, we have grown 20% in H1 on the specialty in films. And in Plastech, we have grown more than 50%. And chemical itself has more than 50% volume growth. So, all three businesses where specialty is the focus, we are growing phenomenally well, and that is because of multiple efforts that the company is taking. On your second question of US, we have grown 35% in this

quarter. You are right that partially the base was somewhat lower. It was not lower because if you remember the previous calls, they had always stated that we did not lose any customer in US. So, yes, our growth did not happen in the last year, but we were able to maintain all of our customers and our entire volume. So, 35% growth is largely efforts from the team which led to such a phenomenal growth. And we expect this growth momentum to continue in the market because customers really liked our approach when the duties were levied. Most of the suppliers went away from the market while we were able to find an amicable solution with the customer. So, customers really loved our approach and therefore more customers want to work with Cosmo.

Management: And just to add in our last call, we had indicated a growth from US business close to 25% in volume terms. So, the current growth of 35% is we are ahead of that guidance that we had given and we are confident that we will be able to continue that path.

Aryan: So, the 35% growth is volume growth. That is a very good number.

Management: Yeah.

Moderator: Thank you. The next question is from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.

Kaushik Poddar: With all the kind of incremental CAPEX on value addition, what is the kind of margin? What is your target margin set three years down the line?

Management: See, what we are constantly trying is to improve our specialty margins and also grow specialty volumes. So, we will continue to be on that track. We are continuously building products which have better margins than our existing products. So, we will continue on that track and they do not increase significantly in a quarter. It takes a few quarters before you start seeing absolute per kg jumps or percentage growth. And I am sure as an investor, you must have seen that year on year, we have not just grown volumes but have also grown the margins on the specialty side.

Management: And historically, if you have seen that as a company, we have always focused on specialty and that is our strength. Over the last 7 years kind of specialty volumes, we have grown more than 10%. And even at one of the largest capacity base, we still hope that we will continue to be growing in specialty at a 10% volume growth minimum, while in this quarter, we grew by close to 20%.

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

Management: Thank you. To summarize, all our B2B businesses are now profitable. In FY27, the Company will focus on improving return on capital employed through higher specialty sales, utilizing its assets more efficiently, and substantially growing both the B2B and B2C businesses. We will also strengthen our financial resilience by reducing corporate net debt over the next two years.

So, at the end of the concall, I would like to repeat the statutory declaration once again. 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 call. Thank you all for joining and you may now disconnect your lines. Thank you.