Cosmo First Limited
Q1 FY27 Earnings Conference Call
August 07, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Investor Call of Cosmo First Limited to discuss the Q1 FY27 results.

Today we have with us from the management, Group CEO – Mr. Pankaj Poddar and Group CFO – Mr. Neeraj Jain, CEO – Zigly & 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 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 the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone 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 may open the floor for the Q&A session. Thank you and over to you, Neeraj ji.

Neeraj Jain: Well, thank you very much. Very good afternoon, ladies and gentlemen, and thank you for joining us Cosmo June 2026 Results Conference Call. We will begin this call with a brief opening remark from the management side, which may be followed by the questions.

June 2026Q reflects a quarter of continued momentum in our core flexible packaging business alongside newer businesses gaining scale and operational efficiencies resulting all our B2B businesses are now profitable. With the major phase of our capital investment behind us, we are now entering the next phase of our journey focused on leveraging these assets, improving returns on capital employed and strengthening cash generation.

We will first talk about the financial results for the June quarter.

Financial Results

- Consolidated sales for the June 2026 quarter is Rs 1,166 crores which is higher by 46% from June 2025Q backed by higher volume by 9% and increase in raw material prices which got passed to the customers reflecting in higher sales value.
- The Company has done well to manage the uncertainty caused by West Asia war and posted EBITDA increase by 26% in June 2026Q to Rs. 147 crores compared to Rs 116 crores during June 2025Q. The incremental EBITDA is primarily drive by:

1) higher sales volume (9%),
2) higher BOPP based speciality sales volume by 12%
3) Improved base BOPP and BOPET films margins,
4) enhanced performance of the USA film business (post reduction in the USA tariffs)
5) Higher EBITDA by other B2B business verticals i.e. specialty chemical and rigid packaging

- EBITDA was suppressed in June 2026Q due to lower export volumes caused by port congestion (13%)

- EBITDA margin in % terms was at 12.6% vs 14.5% in June 2025Q, as revenue rose by 46% although volume increase was 9%. The remaining sales growth was reflecting higher raw material prices which got passed to the customers. It may be noted that gross margin per kg improved across base, semi-specialty and specialty categories.
- BOPP gross margins was running at Rs 30/- per kg in June 2026Q vs Rs 20 per kg in March 2026Q and Rs 23/- per kg in June 2025Q. This includes stock gain as well which is non-repetitive.
- BOPET gross margin was running at Rs 9/- per kg in June 2026Q vs Rs 18/- per kg in March-26 quarter & Rs 13/- per kg in June-25 quarter. BOPET is the smaller for Cosmo (at 30,000 tonnes of capacity against 277,000 tonnes of BOPP).
- Semi-specialty contribution improved to ₹45 per kg from ₹36 in Q4
- Our speciality film margins remain stable at Rs 63 per kg. This is why the Company is focusing more to improve speciality films.
- PAT improvement is moderate due to increased depreciation and interest related to new capacities.
- Post reversal of additional custom duty imposed in FY 25-26 on imports from India into the USA, the US subsidiary received a refund of about USD 7 million in July-2026 which has not been appropriated pending finalization of customers' refunds there against.
- Our Film business strategy remains consistent with focus on increasing the share of speciality films, expanding our portfolio of differentiated products, improving our product mix and driving operational efficiencies. We believe this strategy provides better resilience while strengthening our competitive positioning in global markets.

Outlook:

- The Company expects topline to grow by about 20% in FY26-27 on overall basis with commensurate increase in bottom-line.
- Further four new businesses are expected to grow about 60%.
- Now, moving to other business verticals performance,

Specialty Chemicals:

- The Specialty Chemical subsidiary has continued to achieve tractions and posted 34% topline growth on YoY basis with 25% EBITDA in June 2026Q.

Rigid Packaging:

- Cosmo Plastech (Rigid packaging vertical) has posted over 58% topline growth in June 2026Q on YoY basis and has turned EBITDA positive (7%). Now FY27 focus shall be on achieving higher profitability through higher capacity utilisation, improving sales mix and improved efficiency. The business is also augmenting 50% growth in capacity over the next 2 quarters with minimal capex, which will pave future growth in the next financial year and bring efficiencies of scale.

Consumer Businesses:

- Cosmo has two consumer businesses i.e. Zigly (Petcare) and Cosmo Consumer (which include Window films, Paint Protection Films & Ceramic Coatings).
- Zigly maintained its strong growth trajectory with around 70% year-on-year growth, supported by continued expansion of its retail footprint and increasing adoption of its private label products. During the quarter, the business expanded into new locations and further strengthened its product portfolio.
- Our Cosmo Consumer business also continued to build momentum. Cosmo Consumer started brand building with TV advertisements from July 2026. We expanded our presence in the automotive through the launch of our first 4C Cosmo Car Care Centre in Pune and continuing to strengthen our Window Films, Paint Protection Films and Ceramic Coatings business verticals. We remain encouraged by the market response and continue to invest in building this business for long-term value creation.

Corporate:

- There is very clear focus on ROCE improvement in FY26-27. Capex cycle of the Company is largely complete. Now the focus will be to fully leverage the strategic capex done in last 3 years (₹1,200 Cr.).

- Net Debt at June 2026 end was flat at Q4, FY26 level (Rs 1,166 crores which is 2.3 times to EBITDA) despite net working capital increase by Rs 85 crores due to increased raw material prices post West Asia war. There is clear roadmap to reduce net debt over next 2 years. We are expecting net debt to EBITDA to reduce to below 2 times to EBITDA in next 12 months.
- Our new businesses (Cosmo Specialty Chemicals, Plastech and Cosmo Consumer) are scaling and will lead to incremental ROCE.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nirav Jimudia from Anvil Wealth. Please go ahead.

Nirav Jimudia: Sir, first of all, thank you for the improved disclosures in the presentation about the segmental revenue as well as the operating profit numbers. It helps a lot.

Sir, first question is like you mentioned in your opening remarks about the ROCE So, I had a question, like, since we have invested close to around Rs. 1,200 crores over last 4-5 years across various verticals and coupled with the fact that the cycle also was not conducive in last 3-4 years, our ROCE was at like 8% to 10% in last financial year.

So, how do you see the ROCE moving over next 2 years given most of the new verticals have turned EBITDA positive and they are scaling up? And, if you can explain the levers of growth for each of the individual businesses, that would be very helpful.

Management: You are right that ROCE was 11% because of lot of capacities being added, new businesses started. We are now working to improve these ROCE over the next 12 to 24 months. We intend to take it to anywhere between 15% to 20%. This is going to happen through multiple initiatives. First is the volume growth. There is still, we expect 15% more capacity that can be sold in the film business.

All other businesses have sufficient capacities to sell whether chemical, Plastech and so on. In fact, Plastech with a very minimal Capex, we are going to add 50% more capacity because of the existing setup being made like that. Similarly, the B2C businesses also are growing at a phenomenal growth.

So, what we expect is that overall, this year itself, the company revenue should grow by minimum 20%, while the new businesses should grow at 60%. Over and above, we will get the benefits from U.S. U.S. itself is expected to grow anywhere between 25% to 30% this year post the duty rationalization in USA, specialty sales growth and lot of other cost efficiency measures that we are taking.

Nirav Jimudia: It helps. Sir, secondly, on the BOPP side, you mentioned that we have now a spare capacity of around 15%, which would be sold in subsequent quarters. But my question is very specific to the specialty side, like, how many new grades of BOPP have we developed over the last two years and what differentiates these products from our existing portfolio?

So, if you can just give some understanding based on the opportunity size, application wise, improvement in our per Kg EBITDA margins and the target markets where we wanted to place these products.

Management: So, our specialty sales on a much larger base have grown 12% in this quarter. The driving factor is product development. This quarter alone, we launched synthetic paper film for high-end digital printing, PVC-free green graphic films and anti-fog transparent BOPET lidding films.

We also secured an international patent for CPP film technology. We have 6 patents granted and 11 in the pipeline. All incremental Capex is directed at specialty assets.

Nirav Jimudia: So, in terms of the opportunity size, if you can throw some understanding, like these films, as you mentioned, must be in the niche categories and possibly we could be having a first mover advantage. So, what sort of per Kg improvement in margins or, let's say, some understanding about the overall EBITDA numbers, if you can share how things are moving so far as those initiatives are concerned?

Management: See, we have given a table in our investor presentation, where if you would have seen that the base film margins have been changing as per the market quarter-on-quarter, but the semi-specialty margins in general have remained roughly Rs. 15 to Rs. 20 higher than the base film margins.

The specialty film margins have remained at Rs. 60 plus for all these 5 quarters and even if you remember in the past also, specialty margins were always higher. In fact, in the past, they used to be at Rs. 50 which we have increased because of all the new product innovations, have now been able to take it up to Rs. 60 plus. So, that is the impact we can make on our financials by moving towards more specialty business.

The second is specialty chemical itself is growing well. Last year it grew 20%, and this year we expect specialty chemical business to grow anywhere around 50% because a lot of our product development cycles are complete now, and that business is giving us 25% EBITDA margins. In fact, in this quarter itself, we have improved our EBITDA margins by 2% in specialty chemical in spite of such phenomenal growth in the specialty chemical segment.

Plastic again, which till last year was a loss-making business, has a normalized EBITDA of 7% excluding incentives. Including incentives, they are 10% plus this quarter.

Cosmo Consumer business also almost did break even though on a full-year basis, we may still have some losses in Cosmo Consumer because this year, as we have seen, that we have done a TVC launch and we have also done hoardings and so many other initiatives to build a brand for Cosmo PPF.

And Zigly also continues to grow phenomenally well with 70% growth. And the percentage losses in Zigly business also are coming down quarter-on-quarter.

Moderator: The next question is from the line of Raman KV from Sequent Investments. Please go ahead.

Raman KV: My first question is with respect to margins. I mean, our revenue has grown around 45%, whereas our margins have lagged in terms of growth, as they have only grown at 20%-25%. BOPET margins were also slightly lower.

So, can you explain why there was a margin decline, one on that aspect? And also, because our raw material is heavily linked to crude prices, have we able to pass on the high crude price to our end customers?

Management: So, see, first, I would like to compliment the entire management of Cosmo by ensuring that the raw material could be organized in such a tough environment where lot of Indian petrochemical companies were asked to move towards LPG. And we were still able to run our lines efficiently.

Now, let me separate the three things separately happening in this quarter. Revenue rose 46% while volumes rose only 9%. The gap is raw material prices pass through following the West Asia conflict. Polymer prices moved up sharply and in pass through business, that inflates both revenue and the denominator of the margin ratio.

The right margin is contribution per kilogram and that improved across every category. EBITDA is up 26% in absolute terms on 9% volume growth. This means that EBITDA per Kilogram improved roughly 15%. That is real operating environment.

Regarding the sustainability of the margins, volume growth, specialty mix improvement, U.S. tariff benefit and the contribution from specialty chemicals and positive EBITDA from plastic are all structural. However, the element due to inventory gain within base BOPP margin is one time and market dependent.

Raman KV: Yes, I get that, but when we compare, I am comparing it in terms of Rs per Kg itself, the BOPET margin has declined as well as the BOPP margin has declined on sequential quarter basis. So, do we expect it to pick up? Because we have passed on the raw material prices, like high raw material prices to the end use customer or are we expecting this to be continued?

Management: See, the BOPP margins have largely remained flat excluding the stock gains because we also had stock gains in this quarter. The BOPET margins have marginally come down, but with the anti-dumping duty, which has been levied recently, we expect that the BOPET margins should go up. In fact, in this quarter, BOPET margins have gone up a bit.

Obviously, India is slightly over capacity in BOPET which we feel that will get corrected in the coming quarters. Having said so, Cosmo is working towards even BOPET where we want to shift still a large chunk of our commodity business to specialty business and there also, we are seeing quite good progress.

Raman KV: And sir, I just want to understand what is your, how do I say, historical like next 2-3 years plan with respect to the rigid packaging business. How are you planning to grow it from small, as of now it is like very small chunk of our business.

Our main business is still coming from specialty like film specialty, which includes specialty, semi-specialty and base films. So, what is your plan on that front? And why I am asking this is particularly because there has been a robust demand seen for rigid packaging across the FMCG business. So, I just want to understand.

Management: You are right that this is showing a very robust growth. That is the reason that with very minimal Capex we have been able to recently work towards growing our capacities by 50%. With the new capacities, we should be able to do Rs. 250+crore of revenue.

So, this year we expect to grow from Rs. 100 crores of last year's revenue to Rs. 150 crores-Rs. 160 crores this year, and next year we would like to take this business to Rs. 200 plus crores.

Raman KV: And there will be margin improvement as well, right?

Management: Absolutely. Last year we were making EBITDA losses and in the first quarter without taking the sales tax incentive that we got, the normalized margins of 7%, EBITDA margins.

Raman KV: So yes, just on this aspect.

Moderator: Sorry to interrupt. Mr. KV, may we request you to return to the question queue for a follow-up question? The next question is from the line of Jahnvi Shah from Share India. Please go ahead.

Jahnvi Shah: I just wanted to ask; can you just provide some details on the capacity utilization for the film specialty and rigid packaging? What is the utilization for each other?

Management: So, in the film, we still have 15% capacity to be utilized, which we expect largely to be utilized over the next two quarters. Specialty chemicals easily have 15% to 20% capacity more. Plastic, we are already adding 50% more capacity. Last year we did Rs. 100 crores and we expect to double it by next year. We should do Rs. 200-250 crores crore by next year.

Jahnvi Shah: So, for the utilization side, it is 100% utilized now.

Management: Sorry?

Jahnvi Shah:	On the Plastech side, the capacity utilization is 100%.
Management:	First is on the Plastech side, even with Rs. 200 crores, we will have capacities left. And on the other thing, the specialty side, which is the main focus of the company, we have already done the necessary Capex in the recent years and we have a lot of headroom to take our specialty film sales to close to 90% without any significant Capex.
Jahnvi Shah:	Perfect. But sir, I was just asking, like for the June quarter, what was the utilization? I was asking that.
Management:	Yes, in the film business, it is 85%.
Jahnvi Shah:	Perfect. And sir, on the Zigly business, we saw that there was a good growth or revenue trend. Did we break even on the PAT? Or can you provide some future guidance for the same on how we are going to move forward in the Zigly business?
Management:	See, our gross margins on a net sale basis are close to 50%. Quarter-on-quarter, we are seeing a declining EBITDA loss %. Obviously, we need to reach a certain scale before Zigly starts to make money. Right now, we have reached a monthly run rate of close to Rs. 100 crores. And as we continue to scale up, we will make money, but it is still going to take a couple of years before we start to make money in this business.
Management:	Annualized run rate of Rs. 100 crores.
Management:	Yes.
Jahnvi Shah:	That's it.
Moderator:	The next question is from the line of Love Gupta from Counter Cyclic PMS. Please go ahead.
Love Gupta:	So, firstly, I wanted to understand a little bit about the industry. With the increasing raw material prices, are we seeing some of the smaller capacities go offline? And is the overcapacity situation correcting itself?
Management:	Actually, the larger question right now is the raw material availability. And as I said earlier, we must compliment Cosmo management team to timely arrange the raw material in the last quarter. Honestly, every player had some impact because of raw material. Now, how much the impact is to each player is obviously not known to us.
Love Gupta:	All right. And secondly, if you could, to your best judgment, tell us what would be the breakeven level of revenue that we are looking at in Zigly and Cosmo Consumers? At what level can we expect these businesses to start making money?
Management:	Zigly breakeven should happen around Rs. 250 crores of revenue. Cosmo Consumer can make money even earlier than Rs. 100 crores. But given that we want to build a brand in India and then some overseas geographies, therefore, it is very difficult. But in Quarter 1 itself, we are close to a breakeven from an EBITDA perspective.
Moderator:	The next question is from the line of Aman Kumar Sonthalia from AK Securities. Please go ahead.
Aman Kumar Sonthalia:	Sir, how do we see the growth going forward in the next two, three years as far as Cosmo firm is concerned?

Management: We have projected growth of 20% on an overall basis for this year. New business is growing at 60%. Next year, we are still evaluating in terms of what the growth potential is. So, it will be a little early to talk about next year's growth.

Aman Kumar Sonthalia: The other income part is fluctuating because in the same quarter last year, it was around Rs. 25 crores. The previous quarter, it was around Rs. 17 crores. And this quarter, it is around Rs. 11 crores.

Management: Yes, I think a part of it is also because of fluctuating foreign currency. As you can see that foreign currency has been going up or down on a very frequent basis. So, that is impacting the other income of late.

Aman Kumar Sonthalia: And sir, just a minute, sir. And what about the Zigly loss this quarter? I think it has increased a little bit from Rs. 10 crores to Rs. 15 crores.

Management: Yes, it has increased. The loss widened because we continued to invest ahead of revenue in Quarter 1. We have four new retail centers, two hospital acquisitions around the pipeline, and 20 plus private label launches.

The revenue builds over the following quarters. EBIT margin has come down, or loss has come down from 82% to 69% with 62% year-on-year revenue growth. The unit economics underneath are strong and improving. Gross margin is 47%. Services are 64% of revenue sales mix. Private label revenue is up 105% year-on-year. And 30% of our customers are doing repeat business with us.

The deliberate shift is towards service and private labels, which are the two highest margin parts of the model, and both are growing faster than the business overall. We are at now 47 centers, 29,000 customers served in the last quarter, and a GMV run rate of Rs. 100 crores annualized in a pet care market growing 22% a year.

On capital and structure, we have said we intend to unlock value in the pet care vertical, and we are working on that.

Aman Kumar Sonthalia: And sir, one last question. Sir, what is the current spread in BOPP film?

OPP film?

Management: Yes, it keeps fluctuating on a day-to-day basis. We are not so worried because our focus is always specialty films.

Aman Kumar Sonthalia: So, there is no such issue related. And how is the demand scenario, sir?

Management: The demand is quite strong.

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

Kevin Gandhi: Sir, basically, I was late to the call. Can you please repeat the BOPP and BOPET margins again for this quarter and the earlier quarter again?

Management: The BOPP margins, including stock gain, last quarter was around Rs. 30 per Kg and BOPET margins were around Rs. 9 per kg.

Kevin Gandhi: The BOPET margins for the previous quarter and the previous quarter last year were?

Management: BOPET film gross margin was running at Rs. 9 per Kg in June '26 quarter versus Rs. 18 per Kg in March '26 quarter and Rs. 13 per Kg in June '25 quarter. BOPET is a smaller segment for Cosmo. BOPET capacity is 30,000 metric tons as against BOPP capacity of 2,77,000 metric tons.

Kevin Gandhi: And sir, my last question was that earlier in the call, I heard that we are planning to take the mix of specialty to almost 90% from the current 60%-65%. So, given the spare capacity is only 15%, how are we planning to change the mix for the specialty?

Management: Yes. There are a lot of value-added assets that we already have in our business. And so basically, what we need to do is to scale up our existing specialty products and keep doing research on building new products.

What we said is that we have capability to do up to 85%-90% specialty. We do not have any capacity constraints when it comes to specialty business.

Management: Just to add, currently from 85% current utilization, there is a meaningful headroom. Now, from a specialty film's point of view, there is no capacity ceiling because our target is anyways to keep improving the mix. The current mix of 61% is anyways the highest that we have in the last five quarters. And as a company, our objective is to move it to 70%. So, any incremental capacity can always be allocated to specialty films.

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

Saransh Gupta: Sir, firstly, just wanted to take a view on a little medium to longer-term perspective. Now, given the vertical that we have core business, Plastech, consumer, specialty, and Zigly, I mean, which of these businesses can be an achievable revenue of Rs. 500 crores-Rs. 1,000 crores in a medium to longer term? And which business will continue to remain a niche business for us?

Management: I would say all these businesses have a potential to be there between Rs. 500 crores to Rs. 1000 crores. And we will be there.

Saransh Gupta: And this will be over probably in the next 5-6 years. Can we assume that?

Management: Yes, please.

Saransh Gupta: And sir, when you indicated that on plastic business, your ROCE will improve once you reach Rs. 250 odd crores of the revenue, which will be next year. So, what sorts of ROCE or the path to profitability one can assume in the Plastech business?

Management: Yes, see, right now, the ROCE has started to come in this business. Our objective will be to take this business to 20% plus ROCE. And until we scale up, I mean, it is going to take some more time because now we are expanding our capacity by 50% with minimal Capex, as I said earlier. So ROCE will also improve because of that reason. So, once we scale it up to say Rs. 300 crores-Rs. 350 crores, I am sure we will be reaching close to 15% plus ROCE at that stage.

Management: And just to correct one point, you mentioned path to profitability. So, in Q1 of FY '27, Plastech is already profitable.

Saransh Gupta: Yes. So that is how you understand. What sorts of ROCE, suppose you analyze in Q1 numbers, because you indicated that 20% at Rs. 300 crores to Rs. 350 crores of the revenue. So, if you analyze Q1 numbers, what will be your current ROCE?

Management:

Management: This is the first quarter we actually turned profitable. So obviously, looking at ROCE currently will not give us meaningful numbers. But what we are looking at is to reach double-digit profitability by the end of this year, and thereafter, grow from there.

Saransh Gupta: And sir, in last quarter, definitely because of our starting of a new BOPP line, we have seen the mix has deteriorated a little bit. So, if I want to look from, I mean, probably the end of FY '27 or '28, what percentage of our film capacity can realistically migrate to a specialty or value-added product?

Management: Yes, sir. Right now, it is 61%. And assuming that we are able to grow 10% this year, we should be sitting like 67%-68% next year.

Saransh Gupta: Sir, just one more question that I wanted clarity on. What are the current spreads across our segments?. What would be the current spread?

Management: Current spread on what?

Saransh Gupta: Sir, base films, semi-specialty and specialty films.

Management: Yes, I think there is already a table in our investment presentation. You can see it for last many quarters over there.

Saransh Gupta: No, no, sir. I just wanted to understand for the current month, for the July month, what were the spreads?

Management: They are largely in the lines of what was there in Quarter 1.

Moderator: The next question is from the line of Aaryan Vadaria from Aequitas Investments. Please go ahead.

Aaryan Vadaria: Just wanted to understand that you mentioned in the starting of the call that US, you saw overseas export, you saw degrowth of 13% in volume. Overall, our volume growth is 9%. But if I just put this into context in your presentation in your Q1 EBITDA drivers, you have mentioned that the US traction was good.

Also, if I compare last year's volume, our new line just normalized in the second quarter. So, ideally, we do not feel that the volume growth should have been better than 9%. So, what was the problem? Was it a tariff issue or a logistical issue in terms of achieving it?

Management: Yes, see, three things. First is last year, this line started in Quarter 1 itself, mid of Quarter 1. Second thing is that this quarter, our in-transit volume went up because the volume that we export, material get dispatched from Indian Ports and unless bill of lading is prepared , we do not book it as sale. And given that there were a lot of disturbances at the port, this year, we had an exceptionally higher in-transit volume, which hopefully should get accounted in sales when the port situation normalizes. That is the second thing. Thirdly, we also had some volume loss because one line was under some maintenance in the last quarter. So, those are some of the reasons that we had a bit lower volume than the potential we had. Hopefully, we will be able to recover some of this in the Quarter 2.

Aaryan Vadaria: What was the capacity of the line under maintenance?

Management: I would say a couple of thousand tons.

Aaryan Vadaria: And just expanding on the non-films business because management has put in a lot of initiatives post-COVID. But I just want to understand what is the strategy in terms of the consumer businesses which we are taking? Are we taking a more product development approach or is it more widely linked?

Why I am asking is because management obviously has a limited bandwidth. So, if you can just expand on the consumer side of it, what detail strategy we are trying to take to reach the turnover which you have mentioned in the PPT? That is one.

Another on the specialty chemicals, what part of it is backward integrated for our films business? Because we are seeing a very good EBITDA margin, but if we are supplying to our films business, then it is just inter-segmental. So, I just want some clarity on that piece.

Management: You see, first, every business has a separate team. And therefore, we do not have a question of management bandwidth because each business is managed by a separate business head and they have their own respective functionalists under them.

Coming to Cosmo Consumer, we have made excellent products in paint protection films and window films, and we are the first company to manufacture graphene coatings and ceramic coatings in India because right now all the graphene coatings and ceramic coatings are being imported from overseas markets.

As far as the growth is concerned, what we are looking at is that the domestic market, we intend to build a strong brand over a shorter period of next three to four years while in some of the lucrative export markets also, we may initially follow a white labeling approach, but gradually we will start building our brand in some of the critical export markets as well.

Coming to your second question of Cosmo Specialty Chemical, right now 80% business is still backward integration, but the good news is that the external business is also going at a good pace though the internal business is also growing because a lot of new products are being made for film or consumer or other businesses.

The entire costing is done on a third-party pricing basis. So, it is on an arm's length basis. So, the margins are basically because of all the innovation work that is being done in chemical business.

Management: Just to add to it, I mean in medium term, we do see third-party increased growth sales should happen faster compared to internal sales also. So, in that way in medium to long term, we see broadly balanced kind of third-party sales and internal sales.

Moderator: The next question is from the line of Sanya Kothari from AUM Capital. Please go ahead.

Sanya Kothari: Sir, you have guided specialty chemicals for FY ’30, a target of Rs. 400 crores to Rs. 500 crores. So, given 34% growth in Q1, do you intend to accelerate this timeline or is there a capacity bottleneck?

Management: There is a good likelihood that by FY ’29 itself, we will surpass this target.

Sanya Kothari: My second question is, sir, the total debt has surged from, say, Rs. 760 crores in March ’21 to Rs. 1,680 crores in ’26, and the management is targeting net debt EBITDA below 2x. So, does this target rely primarily on EBITDA growth or are you planning to pay some absolute debt repayment through your internal accruals?

Management: It is both. So, as you must have seen, I mean, during last nine months, we have already reduced about Rs. 70 crores of net debt despite Rs. 85 crores increase in the working capital. And of course, along with this, we are looking at the EBITDA increase also. So, both will contribute in that sense.

So, if you ask about the current debt level, although we have indicated Rs. 1,166 crores is the net debt of the company at the end of June, which is 2.3x to EBITDA.

Management: So, basically, over the next two years, we are containing any significant Capex and at the same time, we continue to improve our ROCE and EBITDA numbers. So, you will see a reasonable reduction of Rs. 400 crores to Rs. 500 crores of our debt in the next two years.

Management: It has already moved from 2.6x net debt by EBITDA to 2.3x, despite us taking around Rs. 85 crores of higher working capital due to raw material price increase. So, we are on the right trend.

Sanya Kothari: And in the renewable energy front, you said that Rs. 25 crores per annum savings will be there. And how much was this savings was in Q1, sir?

Management: Renewable power projected savings are yet to kick in.in. We entered into private purchase power agreements and there are two projects and both are yet to kick in. We expect one of them to kick from Q3 and another from the Q1 of the next financial year. So, in Quarter 1 FY27, nothing is baked in.

Moderator: The next question is from the line of Dhvaneet Savla from Savla Family Office. Please go ahead.

Dhvaneet Savla: I just had one question. This is on the consumer business. So, I understand that Zigly will take at least a couple of more years to break even, but the other consumer business is already on a path to profitability, right?

So, given that, what kind of revenue are we targeting by FY ’30 for this? And with that, since this is a stronger margin business, the profitability, what kind of percentage profitability we will be looking at this kind of business?

Management: You see, as far as domestic market is concerned, we are going quite well in Cosmo Consumer. Last year, base was quite small, but vis-à-vis last year we have grown 4.5x. This year itself, we should grow more than 3x. So, the business will scale up at least in the Indian market on a rapid scale.

But the global market itself is very big, and it does take time to enter the global market and build your own brand. So, it is very difficult to comment on any numbers at this stage because if you are able to crack some of the European and American markets, then the trajectory of growth will be very different and very fast.

We are making efforts. We have put resources in every market, but we must start getting some initial success. I mean, we are doing some exports, but these are still very small numbers. So, unless and until we start getting some regular traction in those markets, we will not be able to project any long-term numbers.

Having said that, right now we have already 150 dealers in 100 plus cities in India and as far as product is there, we have now four new PPF variants.

Within window film, we have high performance in carbon pigment series. And in export markets, we are taking leverage from our existing structure. We are adding specific salespeople under the existing structures we already have.

And the other news is that PPF penetration, which is very small at roughly 2% in India, is also growing at 30% itself.

Dhvaneet Savla: Sir, my actual question was not with regards to the Zigly dealing, it was regards to the consumer business only.

Management: Yes, all my answer was on Cosmo Consumer.

Dhvaneet Savla: Sir, just a small follow-up on that. I know that you can't, which is preemptive to give up some numbers or something, but is there like a minimum margin which you are kind of working with, like at an EBIT level, like what kind of margin below which it will be difficult for us to proceed with sales in some geography or something?

Management: So, see, this business already has been improving margins. Last year, when we started the business, we were operating at around 15%-17% margins. It has already gone up to 25% margins. As we continue to scale up, the gross margins are expected to be in the range of 35%-40%. But it is going to take time, and it will happen along with the scaling up of revenues.

Dhvaneet Savla: So, this 20% growth on the overall business, which we are expecting for this year, does that pencil in a significant rise in the revenue from these two businesses?

Management: We have already indicated that overall business will grow 20% while new businesses will grow at 60%.

Dhvaneet Savla: Thank you very much and all the best for the coming quarter.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today's conference, and I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.

Management: Thank you. So, well, we have to sum up.

- All our B2B businesses are profitable now. The FY27 focus will be on higher ROCE (Return on Capital Employed) with speciality films sale, sweating out of assets and substantially grow new B2B and B2C businesses.
- Further strengthen financial resilience by reducing corporate net debt substantially in next 2 years
- 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.

Thank you very much for joining today's call.

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