

Cosmo First Limited
Q3 and Nine Months FY26 Results Conference Call
February 12, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Investor call of Cosmos First Limited to discuss the Q3 and nine-month FY'26 Results.

Today we have from the Management, Group CEO - Mr. Pankaj Poddar and Group CFO - Mr. Neeraj Jain.

Starting off with the statutory declaration, certain statements in the conference call may be forward-looking. These statements are based on the management's current expectation and are subject to uncertainties and changes in the 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 "*" then "0" 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 can open the floor for Q&A. Thank you and over to you, Mr. Neeraj.

Neeraj Jain: Well, thank you. Very good afternoon, ladies and gentlemen. And thank you for joining Cosmo First Limited December 2025 Results Conference Call. Our Financial Results for the December'25 Quarter and Investors' Presentations, both are available on the company's website. Hope you could go through the same. Well, we will begin this call with a brief opening remark from the management side, which may be followed by the questions.

Let me begin the call providing a holistic perspective and then we will discuss the financial results for the quarter:

1. Capex cycle of the Company is largely complete. Now the focus will be on sweating strategic capex done in recent years amounting to more than ₹1,100 Cr. Focus will be on utilization of full capacity & continue to grow speciality business.
2. There is clear roadmap to reduce net debt over next 2-3 years as no major capex is planned.
3. Our new businesses are scaling. This will lead to incremental ROCE such as (specialty chemicals, consumer).
4. Focus is going to be on intrinsic value growth for each business.

Now moving to financial results for the quarter:

- Consolidated sales for the Dec 2025 quarter is Rs 899 crores which is higher by 28% from Dec 2024 quarter primarily due to higher volume by 29%.
- EBITDA for the quarter has increased by 19% to Rs. 103 crores compared to Rs 86 crores during Dec 2024 quarter. The EBITDA was favorably impacted by 3 factors:
 1. Higher sales volume (29%) mainly due to new capacities,
 2. Higher speciality margins due to better mix,
 3. Improved performance of specialty chemical subsidiary
- The EBITDA could have been better but impacted adversely due to 5 factors:
 1. The margin declined for BOPP core films post increase in imports in India during mid Q2. The carry-on impact continued on margins although imports have reduced to insignificant level. Generally, there is seasonal impact as well in Q3 post Diwali and due to Christmas holidays period. We see better demand scenario in Q4.
 2. High USA tariffs - The increase in the USA tariff started impacting margins from mid Q2, FY26. There is additional impact in Q3 due to full quarter operations post increase in tariffs,
 3. Volume loss of about 6% due to shut down on one of the BOPP line which was rectified towards quarter end (Rs 4 crores impact)
 4. Non-repetitive inventory loss of Rs 8.4 crores due to drop in raw material prices.
 5. One time increase in the past period employee benefit gratuity liability by Rs. 4 crores as per New Labour Codes
- Besides these factors, other income includes a known repetitive foreign exchange gain of Rs. 6 crores related to capital reduction in a wholly owned subsidiary of the company.
- So, in totality, the adverse factor or the known repetitive factors net impact is close to Rs. 19 crores on the Quarter 3 results.
- The PAT impact compared to Quarter 3 of last financial year is muted due to increased depreciation in interest related to new capacities.
- BOPP Film gross margin has been running at Rs. 13 per kg during the December'25 quarter. On a comparative basis, it was Rs. 22 per kg in September'25 quarter and Rs. 21 per kg in December'24 quarter.
- BOPET Films gross margins have been running at Rs 12/- per kg during December'25 quarter vs Rs 6/- per kg in September'25 quarter and Rs 21/- per kg in December'24 quarter.

Now moving to the outlook for the coming quarter:

- The Company expects double-digit revenue growth in coming quarters due to enhanced utilization of recently added capacity.
- Recently announced reduction in the USA tariff will lead to improved profitability from the USA operations starting from Q1, FY27 once the higher duty paid inventory is exhausted.
- Of course, we do not expect non-repetitive items of Q3 to repeat in Q4.

Now coming to business vertical wise performance:

First on the Specialty Chemical:

- The Specialty Chemical subsidiary has continued to achieve traction and posted sales of Rs 52 crores with 25% EBITDA in Q3, FY26.
- The Specialty Chemical subsidiary has developed 3 new products recently which should be commercialized over coming quarters post approval at customers.
- We expect this growth trend to continue for speciality chemical business with new innovative products in pipeline.

Moving to Rigid Packaging vertical:

- Cosmo Plastech (which is our Rigid packaging business vertical) has reached EBITDA breakeven in Dec 2025.
- The business has reached close to 70% capacity utilization in Q3.
- Now the focus for the vertical shall be on achieving higher profitability through higher capacity utilization and improved efficiency.

Moving to Consumer businesses:

- Cosmo has two consumer businesses, i.e. Zigly (Petcare) and Cosmo Consumer (which include Window films, Paint Protection Films & Ceramic Coatings)
- Both the consumer businesses continue to scale-up.
- Zigly has posted over 50% topline growth in Q3, FY26 on YoY basis. The business model is moving more towards services and house brands which is high margin business.

Moving to debt position:

- The Company's net debt at Dec 2025 is Rs 1,215 crores (Sept 2025 Rs 1,234). Accordingly, net debt has reduced by Rs 20 crores during the quarter.
- Company's net debt is 2.8 times to EBITDA and 0.8 times to equity.
- As said earlier, the Company is running at peak level of debt as most of the debt related to planned growth is already built in the balance sheet, but full year effective returns are yet to kick-in for the new capex. There is significant net debt reduction planned in next 2-3 years.
- On that note, we conclude our opening remarks and would be glad to discuss any questions, comments or suggestions that you may have. I would like to ask the moderator to open the line for the questions please. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Neerav Jimudia from Anvil Wealth. Please go ahead.

Neerav Jimudia: Yes, sir. Thanks for the opportunity and good afternoon to everyone. Sir, I have a few questions. So, sir, first you touched upon in your opening remarks about USA tariff for third quarter. I think it started in mid of second quarter. So, first, if you can just quantify what was the impact of US tariff in third quarter of FY'26?

Management: It is near to full impact. So, as we said, depending on the math between Rs.4 crores to Rs.5 crores is the net impact because of the USA tariff. Out of this, Rs. 6 crores impact was already made in the Quarter 2 results. So, there is additional impact of close to Rs.8 crores. It is very difficult to, to exactly quantify, but we expect it to be close to Rs. 8 crores.

Management: Yes, see, on a full year basis, it was expected to give an Rs.50 crores impact on our P&L. More than that, all our new growth has curtailed because of this anti-dumping duty. Now customers are coming back and want to discuss business again. So, this will have two positive impacts. One is the immediate profitability improvement and the second is the growth in our business, which would also be a profitable business for us.

Neerav Jimudia: Correct. So, that is what I was coming to. Sir, one, you mentioned about the USA, but I think now EU FTA also is in place. So, do you see any opportunities, not today, but let us say starting next year when the EU FTAs will be in place. So, do you see a business case opening up for us in Europe? And last time you also touched upon Japan as a market where we have been trying to develop and try to improve our sales. So, just wanted to have your thoughts on both these geographies, how this could help us in improving our Specialty volumes.

Management: Yes, if you really see America and Europe are the biggest export regions for us. And now India entering FTA with both, this should be quite positive in the quarters to come. Coming back to the third question, we have also entered a joint venture with Filmax in Korea. So, that is another region that we intend to grow in over the next couple of years. And similarly for Japan, Japan will be the slowest amongst all these because Japan is difficult to enter and difficult to exit. So, customers take their quite a bit of time, but then if you can make the quality for Japan, you can be successful anywhere and everywhere. So, we are taking that phased manner approach for Japan. Japan will not bring immediate results, but we should get very good results from both US, Europe and Korea as well.

Neerav Jimudia: Sir, is it possible to quantify the amount of business which we are currently doing from Europe?

Management: I will not have it immediately, but it is quite sizable out of our total exports.

Neerav Jimudia: Perfect. The second question is about the new line of 81,000 tons capacity which we have commissioned. So, how much has this new line operated in third quarter and also like with one of the lines now being corrected in terms of whatever shutdowns it had, how do you see Q4 versus Q3 in terms of the volume growth?

Management: So, see, as far as the new line is concerned, in Q3 on an average, we could run it at 70% of potential capacity, not as much because of orders, but there is a phase-wise improvement or speed increase that the supplier does. Post-February, we should be able to run this line at full output. In January, already there has been some more output increase from this line. We have reached now close to 80% of the potential and we expect that from March onwards, we should be able to get 100% out of this line.

Neerav Jimudia: Correct. Sir, with reference to the contribution margins in the BOPP, I think because of all those factors which you mentioned, seasonality and holidays, there was some dampening effect on the demand in Q3, possibly because of which the margins were also lower. But let us say in Q4 or let us say going into the season into Q1, how do you see these margins? So, have they started improving again? BOPET was seen visible, but I was just looking from a BOPP angle that whether the margins have improved on the BOPP side as well.

Management: The BOPP margins have also improved. We started improving from December and right now, January margins are even better than December margins. So, yes, they are also on an improvement side.

Neerav Jimudia: Correct. Sir, next question is on the window films. As you mentioned, the line is already working close to around Rs. 30 crores of annualized sales. So, I just wanted to understand from you that at what level of sales these window films would start breaking even. We have talked about 50% CAGR growth in that window film business. But let us say from a loss point of view, at what level of sales can we start seeing breaking even?

Management: So, there are two factors playing in this business. One is that month after month our contribution margin is going up because we are able to produce more volumes and second is we are able to cut down on different types of costs in this business. The second critical factor is the amount of marketing that we are going to do in this business. What we have projected right now is close to Rs. 15 crores of marketing cost next year and we expect that this business based on the current margins should be roughly Rs. 80 crores, Rs. 85 crores at which it should start to break even.

Moderator: Thank you. We have the next question from the line of Gaurav from Capital Farming Consultants. Please go ahead.

Gaurav: Hi. Thanks for the opportunity. So, my first question is on the strategy that we have said that in coming years, at least three, four years now down the line, we will be focusing not so much on the Capex side and we would like to maximize our already commissioned facilities. Right? So, I would like to understand from the management side that to what extent that we can expect maybe by FY'27 and FY'28 that what percentage of capacity utilization we can expect from the commissioned facilities and how much additional EBITDA margin, improvement in margin we can expect from it?

Management: See, there are two parts to it. First is from a revenue perspective, from what we did in Quarter 3, we can easily get around 25% to 30% more output from our assets. So, if we are able to fully sweat out the assets, there is a potential of 25% to 30%. The biggest potential is available in the BOPP line and the CPP line. BOPP line we feel that it will be fairly easy for us to reach full capacity utilization. CPP is growing at a good speed, but it may take some more time to reach full utilization because CPP is relatively a newer business to us than BOPP as such. Coming to your second thing, our focus now remains on speciality because we have added very significant capacities in recent years. So, for next three years for sure, we are not going to invest in any significant capex or any significant BOPP asset. Our focus will be entirely on shifting to specialty business. Because of our new line, our Specialty as a percentage to our total sales volume is estimated to come down temporarily from 70% in FY25 to about 50% in FY27 once new capacities are at full utilization. Our target will be to take this number to about 70% in a couple of years. And the other aspect about Cosmo is that earlier we were dependent only on one business, now, within the film business, we have diversified into Specialty, polyester, and CPP business. And then we have added newer businesses which have a very high margin potential. So, you will see that increasingly our new business as a percentage to total business will continue to go up and they have better potential or better ROCE and much more stable ROCE in the years to come.

Gaurav: Yes. So, before I ask my second question, a follow-up within this, if you allow. See, from a potential point of view, yes, we all are optimistic considering more than Rs. 1000 crores plus you invested in the capex for the last three, four years, right? But considering the realistic situation that we now face in flexible packaging, specifically in BOPP, where some of the lines by our peers have been commissioned in recent times and some of them are already in pipeline over a period of next one, two years, right? So, what could be the realistic volume per se? I am not talking about in terms of the revenue per se, amount per se, because amount can be up and down depending on the raw material prices and all those things. But quantity per se, what is the realistic assumption that we can build in our models for, let us say, next two to three years, year-on-year basis?

Management: See, on a very realistic basis, we see no reason why we should not be able to fully utilize BOPP and BOPET capacity. We should reach our full potential. The only area where it is going to take us 12 more months to reach full potential will be CPP.

Gaurav: That is great. So, second question is on now considering a completed capex So, not so much of capex planned and higher free cash flow generation from the business Our efficiencies might improve, asset utilization might improve. So, what level of debt currently we have as on 31st of December 2025 and what debt we expect that year-on-year basis we would be able to reduce because of free cash flow generation from the business because of all these positive factors that we are talking about?

- Management:** So, you see, we are close to Rs. 1,200 crores of net debt at the end of December 2025. And as we said at the beginning of the call, there is no major capex plan. So, a large part of the free cash flow will be utilized to reduce the net debt position of the company. Depending on the EBITDA level, how much EBITDA gets generated over the years, but we expect between Rs. 200 crores, Rs. 250 crores each year reduction, which translates to 15% to 18% of the reduction in the net debt position each year.
- Gaurav:** Great. If you allow, what is our weighted average cost of debt ongoing as of now? And have we seen any reduction because of the repo rate reduction by the Reserve Bank of India in our weighted average cost, of course, versus what was 31st of March 2025?
- Management:** So, weighted average stands between 6.5% to 6.8%, depending on the mix between the foreign currency loans and the India denominated loans. But yes, we witnessed the reduction in the interest rates and full impact is yet to kick in.
- Gaurav:** Very competitive rates sir. Congratulations to your finance team. Thanks a lot. I will come up in the queue. Thank you.
- Moderator:** Thank you. We have the next question from the line of Jatin Damania from Swan Investments. Please go ahead.
- Jatin Damania:** Thank you, sir, for the opportunity and thank you for a very detailed presentation as well.
- Jatin Damania:** Yes. So, I had a few questions. I had a few questions. So, first as there was some news last month about anti-dumping duty being implemented again on the imports from China, so how far are we on if you have any incremental news?
- Management:** On BOPP, there is no anti-dumping duty, neither on polypropylene nor on BOPP. And India is quite competitive versus China when it comes to BOPP films.
- Jatin Damania:** I was talking about BOPET film.
- Management:** On the PET, the association has filed an application for anti-dumping duty because China has a lot of surplus capacity and from time to time they do dump goods into the country. Therefore, the association has put this anti-dumping duty application, and it may take some time because what we have seen is normally that it takes 12 to 18 months for the courts to decide on these matters.
- Jatin Damania:** Okay. So, for at least another year, we are not getting any incremental news on that.
- Management:** Yes, you are right, but the BOPET margins are reasonably fair right now. They can certainly be better. But then the challenges we had 12 months back, I think China also has to some extent curtailed the exports into India.

Jatin Damania: So, how down have we gone with the imports? Like in Q2, you said the imports have declined a bit and, in this quarter, they are at a very significant level. If you can quantify that.

Management: Yes, so BOPP, there are monthly 3,000 tons to 4,000 tons of imports happening. That is also largely to do with the B-grade, C-grade material and some of the material which India does not make, but most of it is B-grade, C-grade. And BOPET also does not have any significant imports into the country.

Jatin Damania: Sir, next, if you can help us with the BOPET film's gross margin. I guess you said in your opening remarks that there was some disturbance.

Management: Sorry, what is your exact question?

Jatin Damania: What is the BOPET film's gross margin? As you said that there has been an improvement in the BOPET film's margins. So, if you can, tell us with the numbers.

Management: So, BOPET Q3 gross margin was running at Rs. 12 per kg as compared to Rs. 6 per kg in the previous quarter.

Jatin Damania: So, it has nearly doubled from the last quarter. And this is majorly because of the low imports?

Management: Yes, you are right that imports have come down because China in between was dumping into the country. That is now, I think China has significantly reduced its imports and that gave an opportunity for the local players to somewhat improve the pricing. They are still not where we would love it to be, but they are certainly better.

Jatin Damania: Okay. Sir, as you said that from Rs. 13 per kg base BOPP film's gross margin, it has started improving. It has started improving post that. So, where have we reached right now?

Management: Sir, maybe Rs. 2, Rs. 3 higher compared to average of the previous quarter. Because generally, I mean you will notice a seasonal impact also as we said earlier. Q3 generally has been a lower quarter in terms of the demand because of the holiday period and full Diwali period. And Q4 generally is a strong quarter.

Jatin Damania: Okay. So, sir, the next question is that we mentioned that our Specialty business has come down to 60% which was usually at 70% earlier and we aim to take it to 75%. Like if we can give a timeline to this and how can we do that?

Management: Specialty, I mean, the fair point will be to see at the CAGR growth, which in any case, especially we are growing by 10% CAGR growth over the last six years or so. And this is a very strong pipeline of the new products for the Specialty. So, we definitely see there is scope for further improvement in the growth rate for the Specialty at an overall basis. When you come up with a new capacity, largely you start first with the core film more. Then over a period, you move

slowly to the specialty and semi-specialty products. So, this is what is happening. Over a period, we definitely see this improving. So, and I mean, to conclude, we see no reason why it will be lower than the 10% of double-digit growth on the Specialty side.

Moderator: Thank you. We have the next question from the line of Madhur Rathi from Counter Cyclical Investment. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity. So, considering both our segments and the capacity utilization improvement that we are expecting, sir on the Rs. 4700 crores, Rs. 4800 crores revenue that we expect next year, what kind of margins can we expect considering the mix of specialty and the commodity, where we see heading?

Management: See, in our industry, it is quite difficult to project that because on the core margins, I mean on the core films, it is very difficult to know what the margins as such will be. However, we are trying to do two things. One is to continuously increase the specialty numbers, and second thing is to increase our export numbers. Our export is close to 50%. And our Specialty as a percentage to our total sales volume is estimated to come down temporarily from 70% in FY25 to about 50% in FY27 once new capacities are at full utilization. Our target will be to take this number to about 70% in a couple of years. The second improvement will certainly come from improved utilization, not just in film, but also in other businesses. So, all those will certainly add to the margins, but then it is very difficult to project the core film margins.

Madhur Rathi: Sir, when do we expect to reach 75% level of specialty?

Management: See, going by historical growth rate it should be in about four years.

Madhur Rathi: Okay. Sir so when we say that, from our investor presentation I am understanding that the production, the demand and supply is kind of in equilibrium in the BOPP industry in India, as well as there are no imports that are coming from China. So, can we expect at least to reach a Rs. 25 gross margins with better utilization for next year? Is that a conservative estimate that we can consider?

Management: The full utilization, certainly yes. Rs. 25, as I said, I wish I can forecast that, but in general, the margins are expected. I can basically tell you about next two quarters, which are expected to remain reasonably strong.

Moderator: Thank you. We have the next question from Shashwat Jalan from Augmenta. Please go ahead.

Shashwat Jalan: Hi, sir. Thank you for the opportunity. My first question is regarding the USA margin impact. We are seeing a reduction in the tariff. Do we see any incremental margin increase from our base? And if you can quantify that for next year?

- Management:** Yes. So, for the full year next year, we should have two impacts. One is the margin improvement by close to Rs. 50 crores. And second is growth in our revenue and incremental margins coming out of that. The entire growth had virtually stopped in the last few months. So, we should be able to get back that growth rate. And we have a significantly aggressive plan for the U.S. market.
- Shashwat Jalan:** But this would be pretty much in the low double-digit or maybe near-teen or from a volume growth perspective?
- Management:** The growth perspective, we have much higher targets for the next year.
- Shashwat Jalan:** Okay. And sir, just to clarify, I think from a previous participant's question regarding capacity utilization, I think you mentioned currently we are at 70% and we are driving it up to 90% for next fiscal. Is that understanding correct for the new capacity?
- Management:** Yes, you are right.
- Shashwat Jalan:** And this is 90% of the nameplate capacity or how are we looking at it?
- Management:** It is a possible utilization. So, let us say capacity, as an example, if it is 50,000 tons, then we feel we can reach to maximum 40,000 tons based on microns and product mix. So, right now, as I said earlier, that BOPP and polyester, we should be able to use the full capacity. Only the CPP line may take some more quarters.
- Management:** Just to add to it, I mean, all this discussion is for the new capacity, means the BOPP line, CPP line, and the BOPET line. On the old capacity, we are running already full capacity utilization.
- Shashwat Jalan:** Understood, sir. If you can share the update regarding the power cost reduction, the project for the solar plant that we had, can we expect that for FY27 or will that run into FY28?
- Management:** We are already getting some gains from renewables, and some more gains are largely expected to come in FY28.
- Shashwat Jalan:** All right. Just last question, if I can squeeze in. Right now, the margin scenario, particularly if I talk about BOPP, as you mentioned, Rs.13 for the last quarter and right now it is slightly higher, maybe Rs. 2 to Rs. 3. And even next year, we are expecting some new capacity to come in. So, is it fair to assume that this is sort of going to keep a reasonable margins for the next few quarters
- Management:** What is your question? We did not get that.
- Shashwat Jalan:** Are we expecting the margin profile on the BOPP to remain in the similar band for the next few quarters given this new capacity also that is coming online from some of the peers?

- Management:** We can talk about Quarter 4 and Quarter 1, where it is expected to remain in a range-bound manner. Beyond that, it is difficult to comment about it.
- Moderator:** Thank you. We have the next question from the line of Vipul Kumar Shah, from Sumangal Investment. Please go ahead.
- Vipul Kumar Shah:** Hi, sir. So, what percentage of our revenue comes from US now, sir?
- Management:** US is close to Rs. 400 crores business for us.
- Vipul Kumar Shah:** Rs. 400 crores. So, I heard you correct. So, we will get Rs. 50 crores benefit only out of reduction in tariff in US or I misunderstood your remarks.
- Management:** Yes, you are right because there was a 50% tariff which was levied and we had to absorb quite a significant part of it. So, you are right.
- Vipul Kumar Shah:** And sir, the journey of reaching 75% of speciality and semi-speciality from 55% right now, so each year we will add how many percentages? So, if you can give me some roadmap, it will be useful.
- Management:** We have been growing at 10% CAGR and we have no reason to believe that, at least why we do not grow in double digits. Obviously, our attempt is to grow even more because we have more capacity to spread our wings.
- Vipul Kumar Shah:** So, by 2027-28, can we have a 65% speciality and semi-speciality mix?
- Management:** Yes, that is what we intend to target. Right now, In Q3 FY26 we are at 57%. And our Specialty as a percentage to our total sales volume is estimated to come down temporarily from 70% in FY25 to about 50% in FY27 once new capacities are at full utilization. Our target will be to take this number to about 70% in a couple of years.
- Vipul Kumar Shah:** Last question, this 81,000 BOPP film and recent BOPET line, so what is their specialty and commodity mix if you can give any idea?
- Management:** BOPET, we have been able to right now convert close to 20% into specialty but many because it was a new business for us, so it took us more time than it would have taken for the BOPP film. But now we have developed a good range of films, and we should be able to scale up faster in the times to come.
- Vipul Kumar Shah:** And regarding this 81,000 BOPP line, what percentage of that line is specialty and what percentage is commodity right now?
- Management:** See, we do not break it line-wise as much. We normally discuss the overall numbers.

- Vipul Kumar Shah:** Okay, sir. Thank you very much.
- Moderator:** Thank you. We have the next question from the line of Amar Kumar from AK Securities. Please go ahead.
- Amar Kumar:** Yes, good evening, sir. I have a few questions. A significant new capacity is coming up in the BOPP segment. How do you see the demand-supply balance evolving over the next two or three years?
- Management:** See, as far as world is concerned, we feel BOPP will be fairly balanced. When it comes to India, FY'27 should be largely balanced. But FY'28, supply could be more than demand.
- Amar Kumar:** So, in the next two to three years, I think our specialty business will be much higher. And since we export most of the specialty business, we will not be hit because of this overcapacity.
- Management:** You are right.
- Amar Kumar:** Okay. Sir, how do we see the company's Consumer business setting up over the next two, three years? And specifically, what is the growth potential in Europe for Sunshield Films.
- Management:** So, this is a fast-growing business for us. We are happy with the progress that we have made, whether it is on the product side, getting the right people with us, starting to build a brand in the market. So, we are going very well and we have some very aggressive targets for this business. This is a very high gross margin business for us. And it is more of a consumer product. Once we are able to scale it up, this should result in good profitability for the group.
- Amar Kumar:** Okay. So, what is the business scope and long-term potential of the tie-up with this Korean partner and Japan business?
- Management:** Korea and Japan, I mean, Japan take a lot of time to develop something new. Korea takes somewhat lesser time. So, immediate results may not happen, but you will start to see a lot of results coming from 12 months from now.
- Amar Kumar:** Okay, sir. So, one thing you have done right, that Zigly, since it is a very high potential business, but it does not match our core business. So, you are demerging this business from Cosmo. So, what is the timeline, sir, when can we expect this?
- Management:** We have always stated FY'27 and we maintain that.
- Amar Kumar:** Okay. And what is the current situation of this business?
- Management:** If you see other players in the pet care industry, they are all getting very high valuations, close to five to six times multiple of the revenue. And Zigly has already created a very good brand

name, especially in the North India market, and we are trying to spread our wings in the West. We have grown 50% on a year-to-date basis, which is quite a decent growth. The good thing about our business is that we are the only players in the market who have a complete ecosystem, where we provide veterinary care service, grooming services, and post-op products, including many house labels. So, directionally, we are going well and we are happy on the progress till now.

Amar Kumar: Okay. And, sir, since this Trade Agreement with US, so right now we are doing around Rs. 400 crores of business in the US. So, what type of growth we see over the next two, three years, since it is a great market for Cosmo?

Management: Yes. So, I would say in the last few months, the growth was largely curtailed because tariffs. Customers are really welcoming, and so is us welcoming this change from the American government. And we would look for some aggressive growth, and we will share the progress in every quarter.

Amar Kumar: And, sir, one last question is that I have gone through the conference call transcript of this SRF. So, in that conference call, they have mentioned that in China, the government has asked the BOPET players to reduce or curtail their production by 20%. So, how correct is that news, and how it will impact the BOPET business in India?

Management: You see, across certain sectors where companies are carrying older assets, and across sectors where China is not making money, government has been pursuing the private entities to curtail the sales. Now, obviously, government has given certain directions, and we have seen that China sticks to the broad guideline that it set for itself. So, we have to see the progress, but you are largely right in terms of what you have heard. We do not have complete tracking of that, but you are right that in general, Chinese government is pursuing to shut down the older capacities. And we could certainly see that in the last few months there is much lesser import from China.

Amar Kumar: And, sir, lastly, I consolidate the management for three announcements. First, no major capex. Number two, all the capex in the value-added business, and third I think the demerger of this Zigly business. So, all the best to the management for the coming quarters and the year ahead. Thank you.

Moderator: Thank you very much, ladies and gentlemen. That was the last question for today's conference. I now hand the conference back to the management for closing comments. Thank you, and over to you, sir.

Management: So, to summarize

- Company's focus will be on sweating ₹1,140 Cr strategic capex done recently (reach full capacity utilization enhance speciality business)
- Each business vertical will focus on high margin and stable ROCE
- Key focus shall be intrinsic value growth for each business and unlock value at appropriate time
- Future capital allocation in business based on incremental ROCE and value add in intrinsic value
- Further strengthen financial resilience by reducing corporate net debt substantially in next two to three years. Many thanks for joining. Thank you.

Moderator:

Thank you, members of the management. On behalf of Cosmo First Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.