



“Customers prefer specialty solutions offering differentiated products and enhanced functionality”

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India's packaging sector has undergone a significant shift in demand patterns from downstream consumer industries amid a sharp rise in polymer prices caused by supply disruptions stemming from geopolitical tensions in the Middle East. The closure of the Strait of Hormuz — a critical global transit route — by Iran's Islamic Revolutionary Guard Corps (IRGC), along with a counter blockade by the US military, has severely disrupted the movement of oil tankers and cargo vessels from Gulf nations to Asia. As a result, downstream plastic packaging companies are being compelled to rework their long-term sustainability and business survival strategies, says **Kulbhushan Malik, Global Business Head, Cosmo Films**, in an interview with **Dilip Kumar Jha, Editor at Polymerupdate**. Edited excerpts:



Kulbhushan Malik,
Global Business Head,
Cosmo Films

Recent industry discussions suggest that FMCG companies are increasingly protecting key price points such as Rs 10 and Rs 20 through smaller pack sizes rather than outright price hikes. Is Cosmo Films witnessing a shift in demand toward smaller pouch and flexible packaging formats?

The trend toward maintaining consumer affordability through smaller pack formats is visible across sections of the FMCG industry. Flexible packaging is naturally well suited for such requirements because it allows brands to optimise pack sizes while retaining product appeal and functionality. While demand patterns vary across customers and categories, smaller and convenience-oriented formats can support long-term growth in packaging films, especially in applications such as pouches and sachets.

Are you seeing a noticeable change in order patterns from FMCG clients in terms of pack size, SKU mix, or packaging specifications?

Packaging requirements continue to evolve with consumer preferences and brand strategies. We are seeing greater emphasis on differentiated packaging solutions, including improved barrier properties, enhanced aesthetics, sustainability-linked requirements and packaging formats suited to multiple consumption occasions. Rather than being driven only by pack size changes, demand increasingly reflects the need for value-added packaging specifications.

Smaller packs often translate into higher consumption of packaging material per unit sold. Does this trend create a demand opportunity for flexible packaging films?

At an industry level, smaller pack sizes can increase packaging material intensity because the amount of film required per unit of product tends to rise. Over time, this can support demand growth for flexible packaging solutions. However, growth opportunities for us are increasingly linked not just to volume expansion but also to higher-value films with specific functionalities such as barrier performance, printability and sustainability attributes.

How has demand momentum evolved for Cosmo Films so far across commodity and specialty films?

Demand momentum has remained healthy, supported by higher sales volumes and stronger specialty sales. FY26 packaging revenue grew by 25 percent, while packaging EBITDA increased by 26 percent. The company also reported a 41 percent increase in Q4 sales volume, reflecting the company's strategic shift toward higher-value products.

While new BOPP and CPP capacities initially started with higher base-film production, the long-term focus remains on increasing specialty film contribution and maintaining around 10 percent CAGR in specialty films.

Is there a meaningful shift in customer preference toward higher-value specialty products versus conventional film categories?

Yes, there is a clear movement toward specialty solutions as customers increasingly seek differentiated products with enhanced functionality, stronger branding capability and sustainability benefits. Beyond traditional packaging applications, demand is also evolving toward niche, high-value categories.

For instance, there is growing demand for sustainable alternatives in graphics and signage applications, where PVC-free solutions are gaining traction. Cosmo Green Graphics has been developed to address this requirement as brands increasingly look to reduce dependence on conventional PVC-based materials. Similarly, demand for synthetic paper is also witnessing strong interest due to its durability, water resistance and longer lifecycle compared to conventional paper products. These categories are creating new opportunities for specialty films and expanding the addressable market beyond traditional packaging applications.

Specialty films continue to remain a strategic growth focus, supported by product innovation and R&D capabilities.

The ongoing geopolitical situation in West Asia has revived concerns around crude prices and supply chain disruptions.

What are the direct and indirect implications for Cosmo Films?

Crude oil movements are relevant for the packaging value chain because key raw materials are petrochemical derivatives. Any sharp rise in crude prices or logistics disruptions can influence input costs, freight rates and working capital cycles. However, the impact on the industry typically depends on both the magnitude and duration of volatility. Despite the ongoing situation, we continue focus on cost optimisation, operational efficiency and product mix improvement to mitigate such fluctuations. Further, expanding our exports market is another key strategy that we continue to build to mitigate such trade-route disruptions and challenges.

Packaging converters and film manufacturers have historically faced pressure during periods of volatile raw material prices. How resilient are margins in the current environment?

Margins in the industry are influenced by raw material movements, supply-demand dynamics and product mix. For Cosmo Films, margin resilience increasingly comes from product mix rather than purely from commodity cycles. Higher specialty sales, better BOPP and BOPET film margins and stronger contribution from specialty chemicals supported FY26 performance, as these products are relatively less exposed to pure commodity cycles. Packaging EBITDA margins improved to 14.4 percent in FY26.

How do you see the broader flexible packaging industry evolving over the next 2–3 years?

The industry is likely to remain supported by structural consumption growth, premiumisation, changing consumer habits and increasing adoption of organised retail and e-commerce. At the same time, there could be greater focus on sustainable packaging solutions, recyclability and high-performance materials. Demand for packaging that balances functionality with environmental considerations is expected to rise.

What structural trends are likely to shape growth — premiumisation, sustainability, convenience packaging, e-commerce demand, or higher adoption of specialty films?

We believe the next phase of growth in flexible packaging will increasingly be shaped by sustainability, product functionality and changing consumption patterns. Brands are moving beyond standard packaging formats and looking for solutions that enhance shelf appeal, improve product protection and support sustainability objectives.

E-commerce and convenience-led consumption are creating demand for stronger, lightweight and high-performance packaging solutions, while premiumisation is driving demand for differentiated packaging aesthetics and better consumer experience. At the same time, sustainability is accelerating innovation around recyclable materials, mono-material structures and alternative solutions that reduce environmental impact. As these trends evolve, specialty films are expected to witness faster adoption, with increasing preference for solutions that combine performance, efficiency and sustainability.

Cosmo First has added meaningful capacity over the past few years, including the new BOPP line. How has the additional capacity started contributing to growth and market positioning?

At the group level, we have completed more than Rs 1,200 crore of strategic capex over the last three years and entered a transition from investment phase to value creation. The new BOPP line has increased BOPP capacity by around 45 percent, strengthening scale and improving cost competitiveness. It is also expected to enhance operating efficiencies through lower production costs and higher productivity. The initial phase involves higher base-film production, but the long-term focus remains on increasing specialty sales and driving capacity utilisation across businesses. Alongside increasing utilisation, focus remains on supporting future growth opportunities across domestic and international markets.