

Date: 24.05.2024

The Head- Listing Compliance
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex Mumbai - 400 051

Stock Code: CGRAPHICS

Subject: Press Release-Financial Results- Financial Year ended March 31, 2024-pursuant to Regulation 30 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of the Press Release dated May 24, 2024, with respect to the audited Standalone and Consolidated Financial Results of the Company for the year ended on 31st March 2024.

Request you to kindly take note of the same

Thanking You,

Sincerely,

For Creative Graphics Solutions India Limited

Puja Arora Mehrotra
Company Secretary & Compliance Officer
Mem No: A65438

Encl: as above



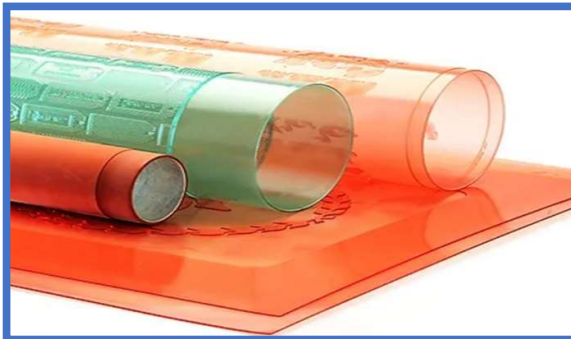
EARNINGS RELEASE

FY 2023 - 2024

CREATIVE GRAPHICS SOLUTIONS INDIA LIMITED

(NSE CODE: CGRAPHICS | ISIN: INE0R7401011)

Flexographic plates



Pharmaceutical packaging



Premedia services





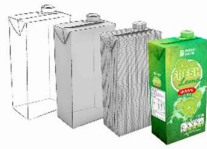
MAY 24, 2024

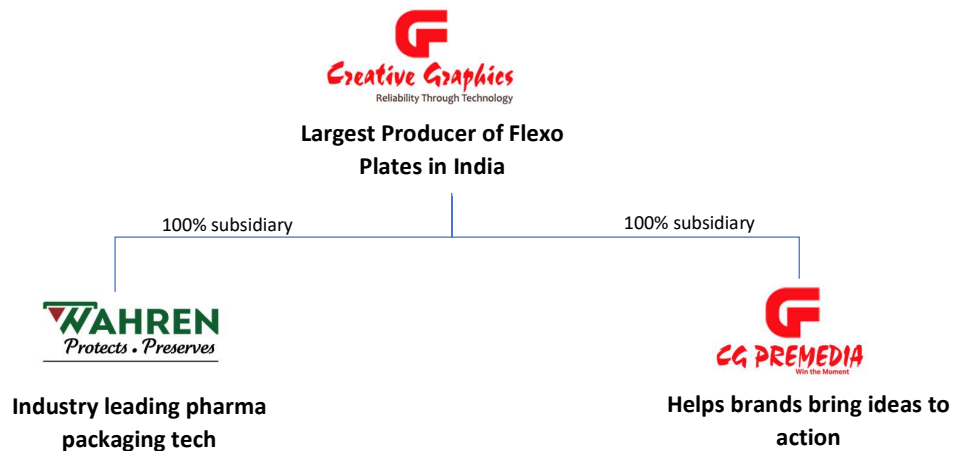
About Us

Creative Graphics India Solutions Limited ("Creative Graphics" or "Company") is a leading player in the Indian print packaging industry. With factories in seven major cities, it is the only pan-India flexographic plates manufacturer in the country. Flexography is an environmentally sustainable technology for printing packaging material which also happens to be more economical compared to conventional printing technologies. It is used by the FMCG, consumer durables and pharmaceutical industries, among others. Flexographic plates are the heart of flexographic printing – a flexographic plate must be produced before the printing on packaging material can be done. The company works for 4000+ customers including brands such as Pepsico, HUL, Tata Chemicals, Kimberley-Clark and many others. These customers trust Creative Graphics because of its quick turnaround, quality standards and intellectual property safeguards for customers' product designs.

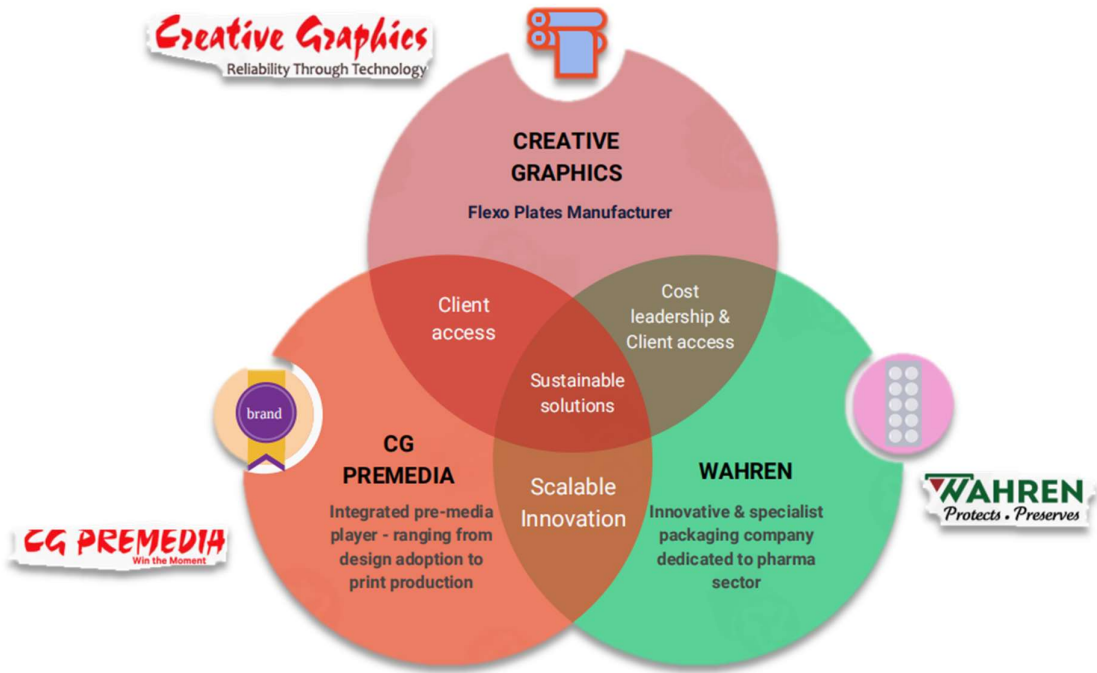
Through its 100% subsidiary, WAHREN, the Company has entered the pharmaceutical packaging market in FY23-24 and is already on the path to become a major player in the Cold form blister ("Alu Alu" foil) market. Alu Alu foil is used to pack tablets and capsules. It increases shelf life by preventing moisture and air seepage while providing a premium look to the medicines. This market is growing at a fast pace with limited high-quality local supply.

CG Premedia is another 100% subsidiary and it provides package design, artwork, 3D CGI and mock-up services to customers. CG Premedia's operations are small but it is strategically important for the Company as it helps create deeper relationships with brands.

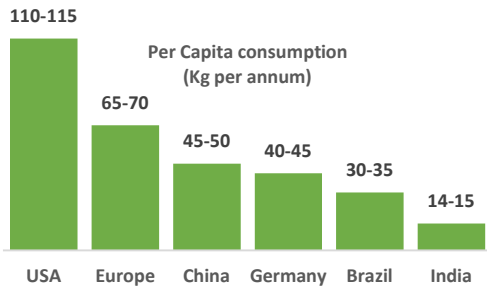
Group Company	Deals in:	
Creative Graphics Solutions India Limited	Flexographic plates	
WAHREN India Private Limited ("WAHREN")	Pharmaceutical packaging (ALU ALU foils)	
Creative Graphics Premedia Private Limited ("CG Premedia")	Premedia services (package design, artwork, 3D CGI and mock-up)	



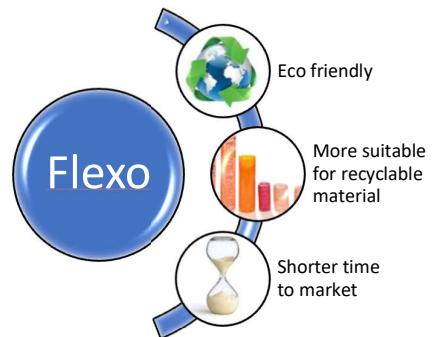
Our businesses have natural synergies!



Packaging grows on the back of consumption...



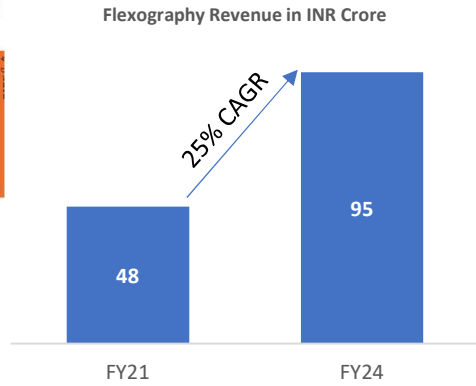
...flexography is the future of print packaging



We are the largest flexo player with (1) Pan-India presence and (2) strong relationships in the FMCG/Pharma markets



Our market leading work continues to drive growth in the flexographic plate business



WAHREN is being well received in the market

WAHREN
Protects . Preserves

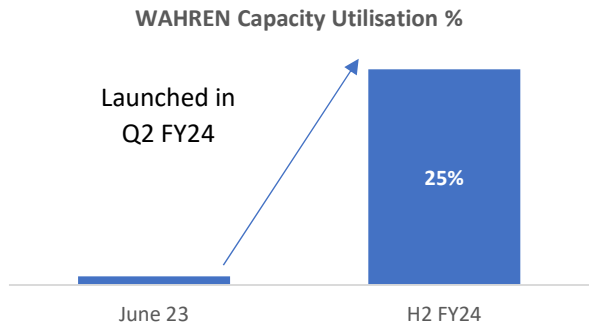
ISO CERTIFIED
15378

DMF USA No. 038740	DMF CANADA No. E278261
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ISO 45001:2018
Occupational Health and Safety Management System

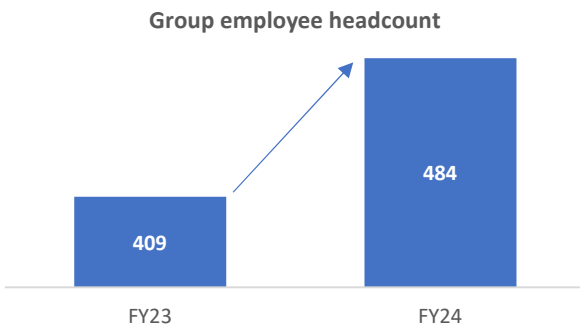
ISO 9001:2015
Quality Management Systems

ISO 14001:2015
Environmental Management System



WAHREN started commercial ops in Q2 FY2024. **Annual capacity is 8000 MT.**

We are building capacities for future growth...



...well capitalised

Listing date
April 9th, 2024

Notable Developments

With our IPO listing on 9th April 2024, FY23-24 does not reflect the impact of IPO proceeds and the subsequent developments. Nevertheless, we are happy to report that the business ended the financial year on a strong footing:

Breakeven at WAHREN

WAHREN is a new business, which is in its ramp-up phase. It started commercial operations in Q2 FY23-24.

WAHREN has received positive feedback from the market. Our products have built a reputation for high quality within a short time. Our facility has already received prestigious ISO, DMF USA, DMF China and DMF Canada certifications.

Overall WAHREN has added 202 customers since its launch. Our capacity utilisation for H2 FY24 was 25% (against a full year capacity of 8000 MT) as we continue to ramp up production. In FY24-25 we expect our capacity utilisation to achieve optimum levels. Our product sells for 350-400 INR/Kg. At optimal capacity utilisation we expect the business to become the largest contributor to our consolidated results.

We are happy to report that WAHREN has broken even within nine months of commercialisation. For FY23-24, WAHREN contributed 38.8 crore to the top-line and 28.3 lakh to the bottom line. We expect incremental revenue growth to positively impact the bottom line going forward.

Multiple companies from the 'Top 20 India Pharma company' cohort have audited and approved our plant. We have 150MT of orders in hand and are in advanced discussions with large pharma companies for new orders.

Improved Margins in Flexography

EBITDA margins in our flexography business (standalone) improved from 18% in FY22-23 to 21% in FY23-24 on the back of (1) elimination of low margin business (2) increased efficiency in our operations, and (3) bulk discounts from suppliers.

Our consolidated EBITDA margin was 17% in FY23-24 vs 18% in FY22-23, largely on account of increasing top-line contribution from WAHREN, which is a volume business. WAHREN has broken even in the last quarter of FY23-24 and we expect it to start contributing meaningfully to consolidated absolute profits from FY24-25 onwards.

Stronger Processes and Financial controls

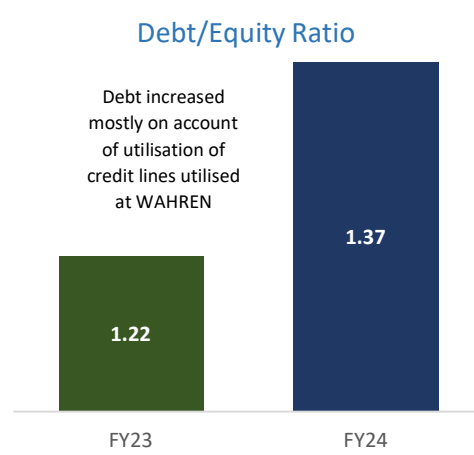
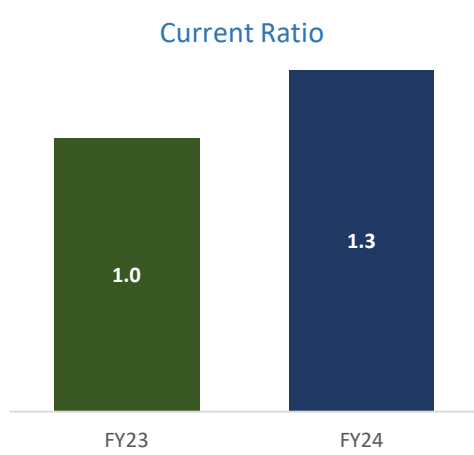
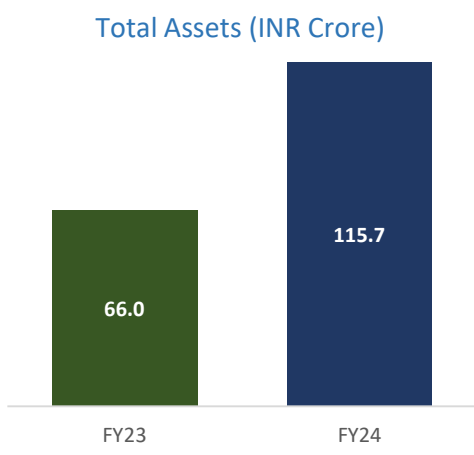
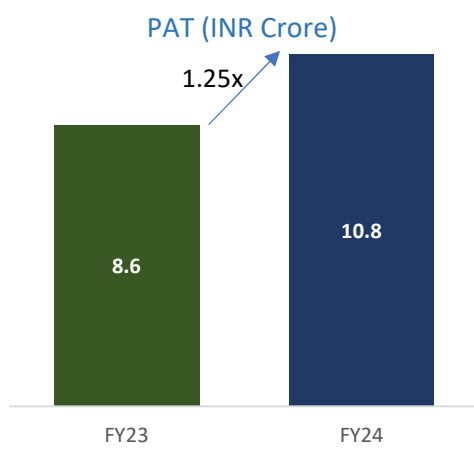
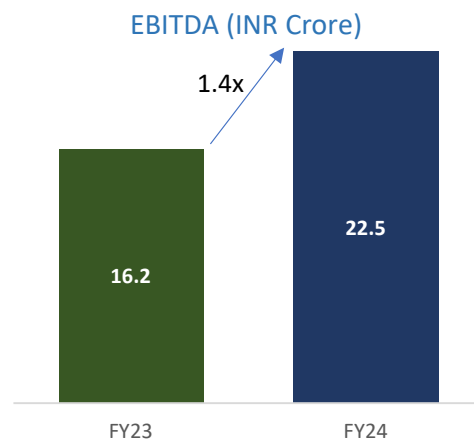
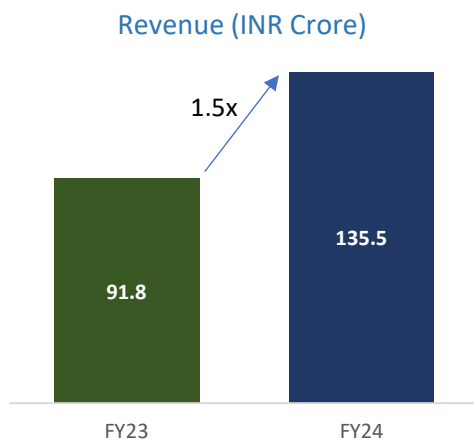
We have successfully deployed SAP at WAHREN in FY23-24. Implementation of the same is already underway at our flexography business, with expected completion in FY24-25.

Strengthened Team

During FY23-24, we added two independent directors to our board. Our management team was strengthened with the addition of CEO, CFO, CMO and CTO roles.

Our total headcount increased from 409 in March 2023 to 484 in March 2024 as we continued to (1) expand operations at WAHREN (2) hire leadership team and (3) strengthen our sales and marketing team. Leadership teams and corporate roles have been hired in the parent company although they serve subsidiaries as well.

Consolidated Financial Highlights



Financial Summary

Figures in INR Lakhs

Consolidated Financials: Income Statement	FY24	FY23	% Change
Revenue from Operations	13,159	9,014	46%
Other Income	389	165	136%
Total Revenue	13,548	9,178	48%
EBITDA	2,250	1,623	39%
EBITDA Margin %	17%	18%	
Depreciation & Amortisation	444	303	46%
Finance costs	344	121	183%
PBT	1,463	1,198	22%
PBT Margin %	11%	13%	
Tax	382	334	14%
Profit After Tax	1,081	864	25%
PAT Margin %	8%	10%	
Diluted EPS*	13	115	-89%

Note on Margins: Our margins have improved in the standalone business (see Standalone Income Statement below). At the consolidated level margins appear lower due to the increased contribution from WAHREN, which is a volume business. At an absolute level our profitability has increased from 8.64 crore in FY23 to 10.81 crore in FY24, an increase of 25%.

Figures in INR Lakhs

Creative Graphics Standalone Financials: Income State	FY24	FY23	% Change
Revenue from Operations	9,221	9,014	2%
Other Income	331	165	101%
Total Revenue	9,552	9,178	4%
EBITDA	1,949	1,623	20%
EBITDA Margin %	21%	18%	
Depreciation & Amortisation	311	303	3%
Finance costs	211	121	74%
PBT	1,427	1,198	19%
PBT Margin %	15%	13%	
Tax	374	334	12%
Profit After Tax	1,053	864	22%
PAT Margin %	11%	10%	
Diluted EPS*	12	115	-90%

Note on Standalone financials: Standalone financials reflect the performance of our flexography business. Margins have improved on the back of (1) elimination of low margin business (2) increased efficiency in our operations, and (3) bulk discounts from suppliers. While revenue growth was partly impacted by pruning of customers, we expect our growth to revert to our long-term growth path (3yr CAGR of 25%) in FY24-25.

Note on Finance cost: The company had purchase land in Q4FY23 from Noida Authority, funded by a bank loan. The increase in financial cost is on that count. Possession of the land is awaited. We plan to liquidate the property and repay the corresponding loan in FY25.

Note on EPS: The company issued 1.26 lakh new shares during the financial year, followed by a bonus issue of 10:1. EPS is accordingly calculated at Rs 13 vs Rs 115 in the previous financial year.

Figures in INR Lakhs

Subsidiary Performance (H2 FY23-24)	WAHREN	CG Premedia
Revenue from Operations	3,831	111
Other Income	58	-
Total Revenue	3,889	111
EBITDA	302	(1)
EBITDA Margin %	8%	-1%
Depreciation & Amortisation	133	0
Finance costs	132	-
PBT	37	(1)
PBT Margin %	1%	-1%
Tax	8	0
Profit After Tax	28	(1)
PAT Margin %	1%	-1%

Note on subsidiary performance:

1. WAHREN and CG Premedia became part of the group on September 30, 2023.
2. WAHREN is a new business and it has broken even within the first year of its commercial operations.
3. While WAHREN contributed 38+ crore to the top line of the consolidated group, accretion to the profit line is expected in FY24-25 as we expand capacity utilisation.

1. Low profit margin at WAHREN pulled down the consolidated profit margin for the group.
2. WAHREN's profit margin was itself the result of low capacity utilisation, as it is a new unit.

Growth Strategy

With the IPO listing on April 2024, the company is set to continue expanding its business operations:

- **Inorganic Acquisitions and capex:** The flexographic plate business has been growing at a CAGR of 25% over the last 3 years. **This year we have strategically focused on high value customers and pruned certain low margin customers.** We expect our growth to revert to the long-term trend in the next financial year. Further, we plan to make price-justified inorganic acquisitions in this space to strategically boost our presence across the country as well as expand our capabilities by investing in latest technologies. The company is in advanced discussions for certain inorganic acquisitions.
- **Acceleration at WAHREN:** WAHREN has shown rapid progress in terms of market acceptance. **The business has turned profitable within nine months of commercialization.** We shall continue to accelerate this business by continuing to add new customers.
- **Investments in R&D:** We plan to continue investing in R&D to further enhance quality and expand product catalogue, especially at WAHREN.
- **Human Capital and ESOPs:** The company has expanded its leadership team already and shall continue to add to its marketing department as it continues to drive business growth. We plan to roll out ESOPs in the near future to drive greater commitment within our team.
- **SAP implementation:** We have already implemented SAP at WAHREN and will replicate the same in our flexography business.

Operational Strategy

- **Marketing team:** We will expand our marketing team to further expand geographical reach and customer touchpoints.
- **ESOPs:** We have built the leadership team and invested in our employees over the past year. We plan to adopt best in class policies and retention mechanisms to enable our staff to perform at their optimum capacity.
- **Targeted Capex:** We will make targeted capex at WAHREN. There also opportunities to expand capacity by making small capex as the basic infrastructure is already in place. Capacity expansion is planned towards the end of the financial year.
- **Classification of customer base:** In FY23-24 we started the exercise of classifying our customer base to identify high value clients. We will continue building better relationships with these customers
- **Deleveraging:** We purchased land in Q4 FY22-23 to establish WAHREN unit. While the possession of that land is still awaited from Noida authority, we have setup WAHREN on a leased land parcel. We aim to liquidate the purchased land at a profit once the possession is received, and repay the accompanying loan. This should deleverage our balance, reduce our finance costs, increase profitability and return on assets.

Management Commentary

Commenting on the performance, the management team of Creative Graphics said:

“We have become a listed entity on April 9th, 2024 and would like to thank all investors who have shown trust in the business. We shall continue to strive for the excellence in strategy, execution and governance.

India is on a growth trajectory with GDP growth of 7-8%. Private consumption is set to increase as the disposable incomes increase and we expect to benefit from this growth as our business is closely

aligned to private consumption. Our growth should be disproportionately high as we are torchbearers of environmentally sustainable print packaging technology in India.

We expect the flexography business to resume its long-term growth trajectory in FY24-25. The CAGR for this business was 25% between FY20-21 and FY23-24. The growth could benefit disproportionately from changes in the regulatory environment if the government enacts additional measures to control the environmental effects of traditional packaging printing technologies such as gravure printing.

Our consolidated revenue increased on the back of strong performance at WAHREN. WAHREN provided better than expected results with demand outstripping supply. The business added INR 38.8 crore to the top line in this financial year and it has broken within nine months of commercialisation. WAHREN has the potential to overtake our flexography business as there is ample room of growth by increasing capacity utilisation. We have always focused on using best-in class technology and will continue to invest in R&D to further develop new products and improve quality.

With the recent IPO, we are now well capitalised and plan to aggressively grow in FY24-25.”



Contact Us

Creative Graphics Solutions India Limited
Corp Address: A-31, SECTOR-58, NOIDA, UP-201301, INDIA
Phone No: 0120-6836051

Ms. Puja Arora Mehrotra, Company Secretary
cs@creativegraphics.net.in

Disclaimer

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