



Specialty Solution for Packaging

LAMINATION | LABELS | OVERWRAPS | PACKAGING PRINTING POUCHING

July 2016

Discussion Summary

- ❑ Company Overview
- ❑ Demand-Supply Dynamics and Capacity Expansion
- ❑ Financials
- ❑ Structural Shift in EBIDTA levels
- ❑ Corporate Governance & Management
- ❑ Environment & CSR

“To be the most preferred global brand offering value added BOPP films for packaging, labels, lamination and industrial applications.”

Company Overview



Strong History & Leading Position

- ❑ Established in 1981, Cosmo Films Limited is Pioneer of BOPP Industry in India and one of the global leaders and manufacturers of BOPP Films
- ❑ Promoted by **Mr. Ashok Jaipuria**, the company is also the largest BOPP films exporter from India

Global Leader in Thermal Lamination

- ❑ With the acquisition of GBC Commercial Print in June 2009, Cosmo is now the world's largest producer of thermal films

Unique Proposition

- ❑ Uniquely positioned to have mix of BOPP and Value Add Films
- ❑ Customer Solution provider rather only producing commodity films
- ❑ Multiple lines allowing dedicated runs for Value Add Films

Production Facilities

Units in India, Korea, & USA with annual installed capacity as follows:

- ❑ BOPP: 136k MT
- ❑ Thermal: 40K MT
- ❑ Coated Specialty Films: 10K MT
- ❑ Metalized Films: 15k MT

Strong Export Footprints

- ❑ Leading BOPP Films exporter from India with export to more than 80 countries

Strong Financials

- ❑ Continuous growth and profitability track record

Corporate Governance & Professional Management

- ❑ Strong Independent board
- ❑ High on Corporate Governance
- ❑ Professional Management

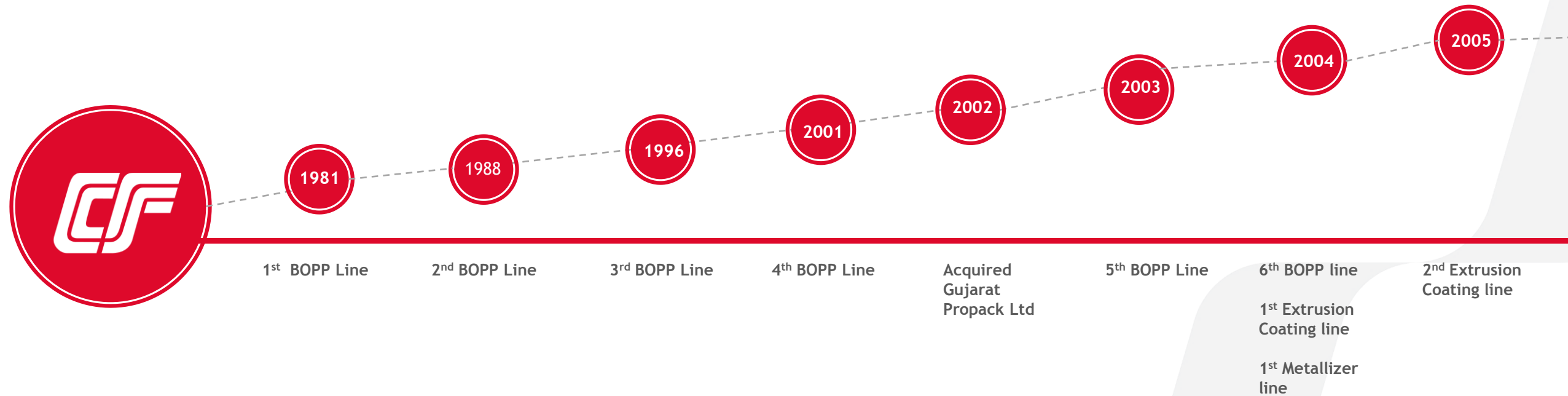
Strong R&D Focus

- ❑ Collective R&D experience of over 100 person years.
- ❑ Well ahead in the Product Development Curve, First Thermal Lamination film & first BOPP player to be doing DTP coatings

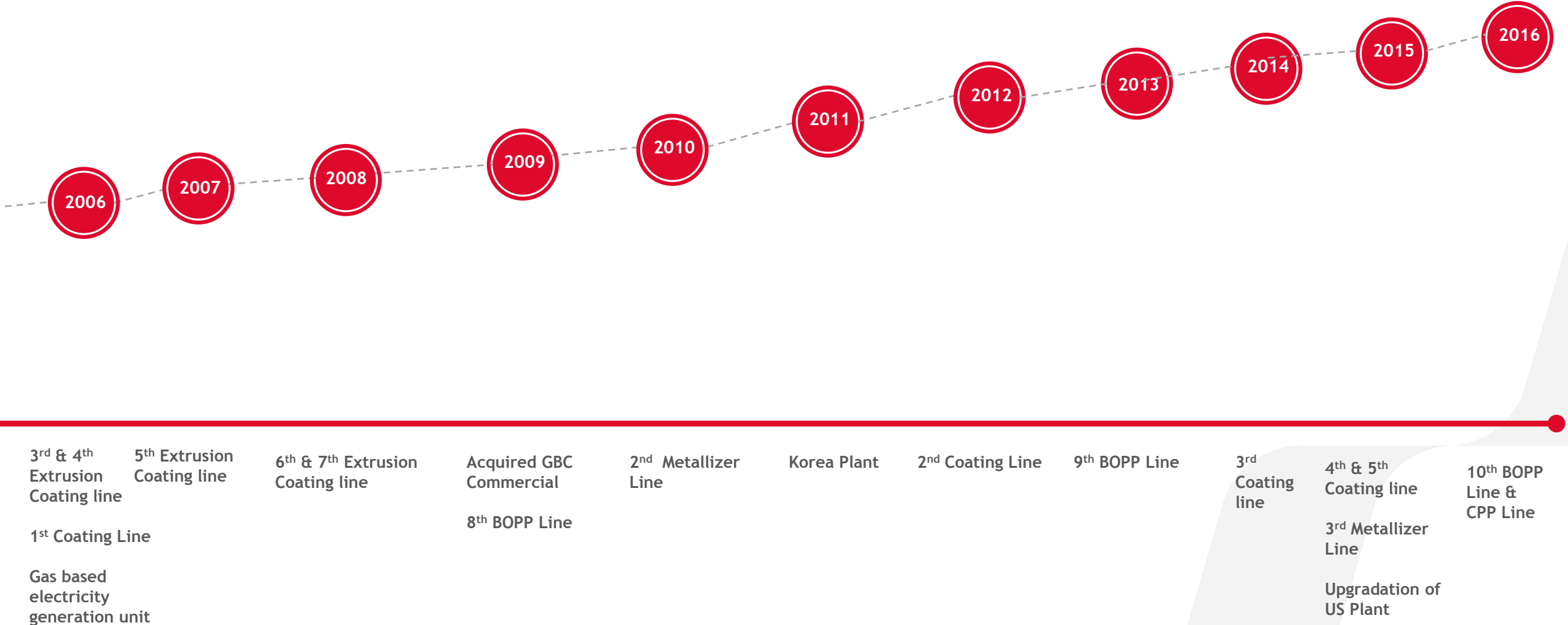
Certification, Awards & Recognition

- ❑ ISO 9001:2000
- ❑ ISO 14001:2004
- ❑ British Retail Consortium (BRC)
- ❑ American Institute of Baking (AIB)
- ❑ Winner of several awards for innovation viz. PFFCA, Asia Star etc.

Company Overview - Milestones



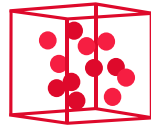
Company Overview - Milestones





EXCELLENT CLARITY

BETTER AESTHETICS
HIGH GLOSS



LOWEST DENSITY

HIGHER YIELD



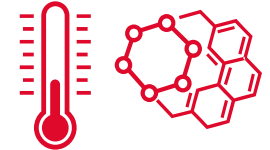
BARRIER TO MOISTURE

BETTER SHELF LIFE
GUARD SENSITIVE
PRODUCTS



CHEMICALLY INERT

SUITABLE FOR FOOD &
PHARMA



LOW MELTING POINT & MOLECULAR WEIGHT

FULLY RECYCLABLE

Company Overview - Product Portfolio



PACKAGING FILMS

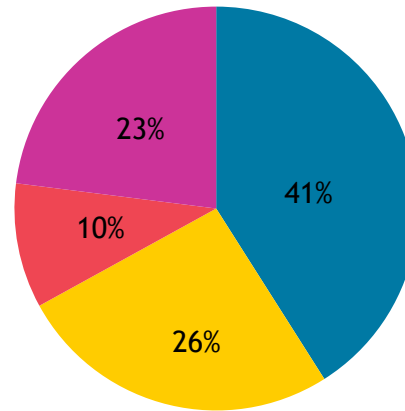
1. Print & Pouching films
2. Barrier films
3. Overwrap films



LAMINATION FILMS

1. Dry (thermal) Lamination films
2. Wet (Print) Lamination films

SALES REVENUE



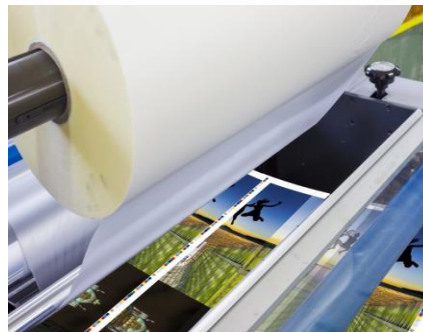
LABEL FILMS

1. Pressure Sensitive Label stock films
2. Direct Thermal Printable films
3. In-mould films
4. Wrap Around label films



INDUSTRIAL FILMS

1. Synthetic paper
2. Tape & Textile Films



- Packaging
- Lamination
- Label
- Industrial



New Product launches in last Nine months (strong pipeline for Value Add Films)



PACKAGING FILMS

S.No.	Project	Application
1	Cement Bags	Reduce Cement wastage and better presentation of cement bags
2	High Shrink Tight Wrap Cigarette Film	Very high shrinkage in both the direction for tight wrapping and provides very good hot slip property
3	High Speed, high Barrier and high sealing strength metalized BOPP and CPP Film	Metalized BOPP and CPP Film with excellent high barrier, sealing and speed



LAMINATION FILMS

S.No.	Project	Application
1	Lidding Film	Universal lidding film which laminates with different plastic and paper materials and has easy release
2	Improved Velvet Film	Product with better creasing performance and corona retention



INDUSTRIAL FILMS

S.No.	Project	Application
1	Tape Release Film	Pressure sensitive tapes Release coated BOPP liners
2	Improved Synthetic papers (CSP)	With enhanced features such as quick drying (Labels, Tags, Maps, ID card, Tickets for adventure parks etc)



LABEL FILMS

S.No.	Project	Application
1	Direct thermal printable (DTP) film and Paper	Airline baggage tag, labels, etc

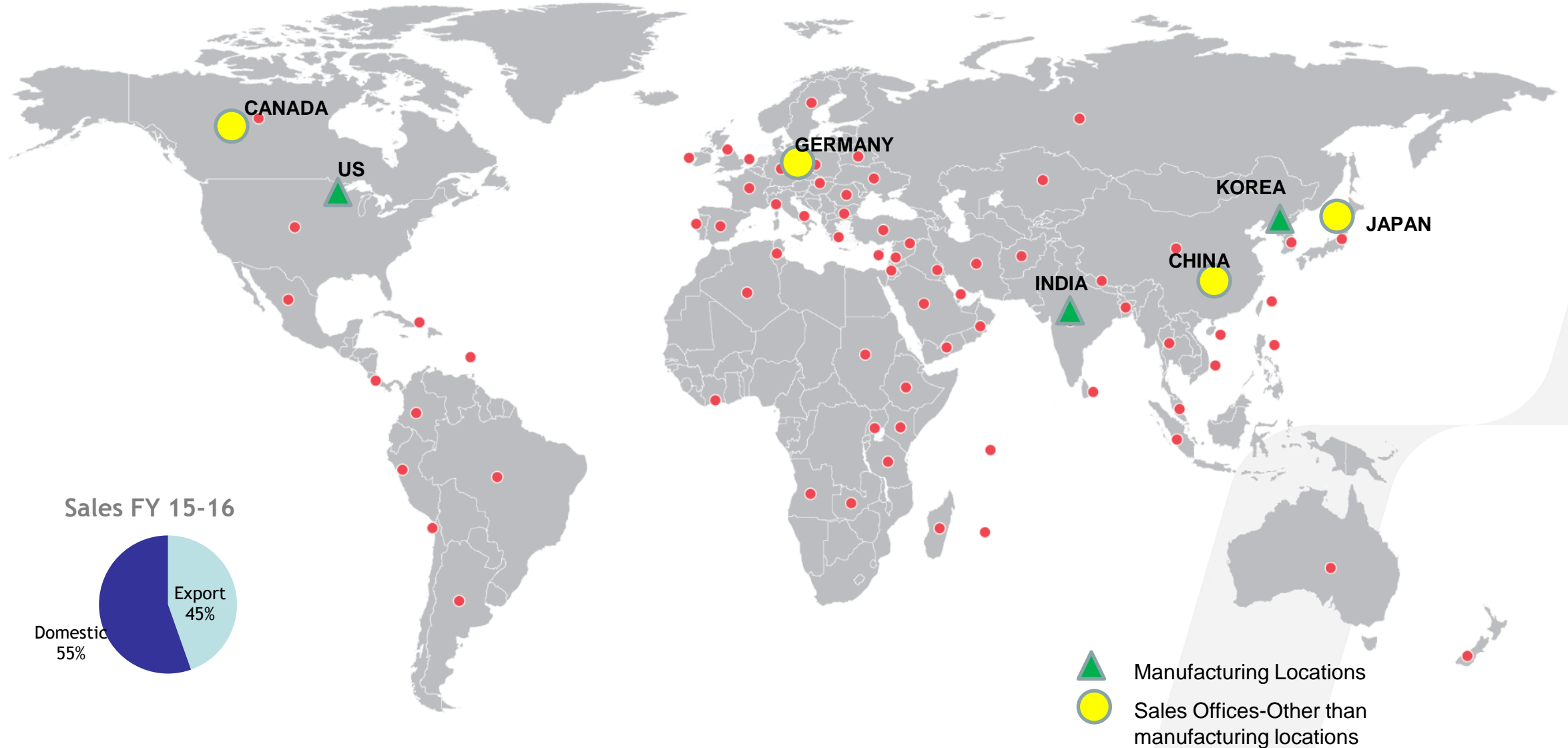
Company Overview - Manufacturing Footprint



Number of lines					
Plants		BOPP	Thermal	Coating	Metalizing
	Waluj, Aurangabad, India	5 Lines	3 Lines	2 Lines	1 Line
	Karjan, Vadodara, India	2 Lines	2 Lines	2 Lines	1 Line
	Shendra, Aurangabad, India	1 Line	3 Lines	1 Line	1 Line
	Korea, Choongnam		1 Line		
	USA , Hagerstown		1 Line		
	TOTAL INSTALLED CAPACITY	1,36,000 TPA	40,000 TPA	10,000 TPA	15,000 TPA
Future Committed Capacity		60,000 TPA		7,200 TPA	
Grand Total		1,96,000 TPA	40,000 TPA	10,000 TPA	22,200 TPA



Company Overview - Customer Base



Company Overview - Customers: A Glimpse



Disclosure: All these are trademarks of respective Owners

Company Overview - Key Converters



Disclosure: All these are trademarks of respective Owners

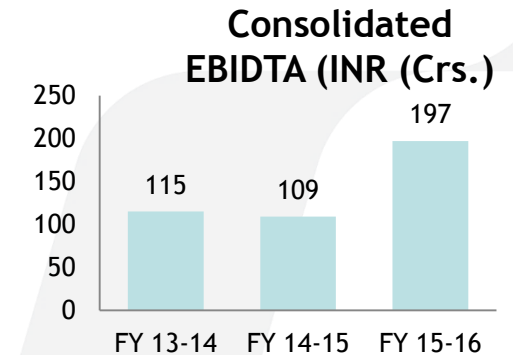
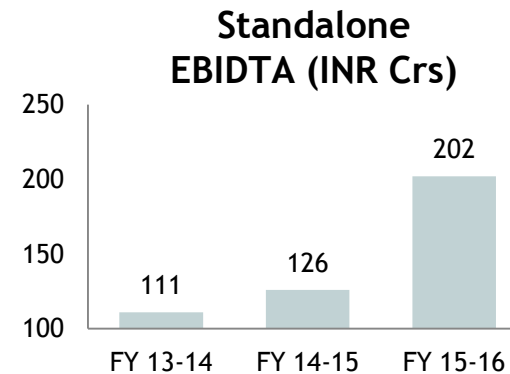
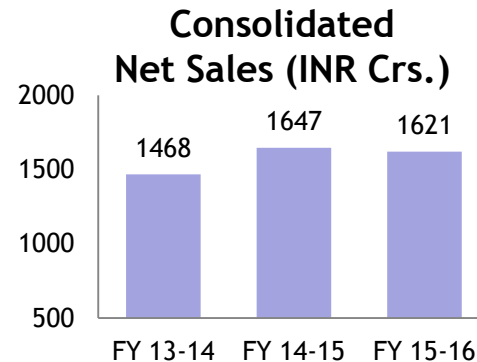
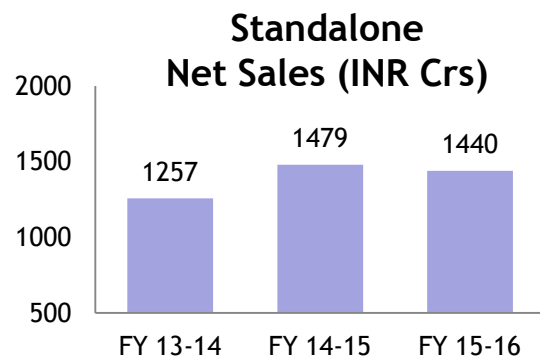
Demand-Supply Dynamics and Capacity Expansion



- ❑ Global annual BOPP demand is estimated to be approx 7.8 million MT. The global demand and supply are broadly balanced except China.
- ❑ Currently India BOPP production capability is estimated at approx 500k MT per annum. India domestic BOPP consumption is approx 390k MT per annum and export from India is about 110k MT per annum. Indian BOPP Industry has been growing at almost double of the India's GDP growth rate.
- ❑ India BOPP Demand & Supply Dynamics:
 - ✓ Considering low packaged food penetration in India and rising personal disposable income, the Industry is estimated to grow fast.
 - ✓ Investment in organized retail industry and change in pack format from rigid to flexible is going to further add to increasing demand.
 - ✓ Based on capacity addition announced in India, new capacity expected in the Industry may not be able to address growing India demand. On current India BOPP Industry demand base, one new line each year may not be sufficient to address India's growing demand.
- ❑ Strong domestic and global demand is helping efficient capacity utilisation.
- ❑ In line with strong demand fundamentals, Cosmo Films is implementing an increase in capacity by 60k MT p.a. with 10.4 meter width state of art BOPP line, which is one of the lowest cost producing line in the world. The financing is already tied up for the same.

Data Source: AMI/PCI/Other Independent Research and Industry Sources

Particulars	Audited FY 13-14		Audited FY 14-15		Audited FY 15-16	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	1,257	1,468	1,479	1,647	1,440	1,621
EBIDTA	111	115	126	109	202	197
EBIDTA %	9%	8%	9%	7%	14%	12%
PBT before Exceptional	30	27	58	35	142	131
Exceptional Items	(21)	(29)	(9)	3	(6)	(7)
PBT after Exceptional Items	10	(2)	49	38	135	124
PAT	8	(6)	40	28	108	96
EPS	4	-	21	14	56	50
Book Value	193	185	211	196	256	235



- ✓ New capacity addition in FY 12-13 impacted margins temporarily in India, which is now totally reversed
- ✓ Consolidation results in FY 13-14 and 14-15 were adversely impacted by USA subsidiary, which is on continuous improvement phase

Particulars	INR Crores									
	Unaudited Q1 FY 15-16		Unaudited Q2 FY 15-16		Unaudited Q3 FY 15-16		Unaudited Q4 FY 15-16		Unaudited Q1 FY 16-17	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	362	409	385	435	341	388	347	385	348	381
EBIDTA	49	48	50	50	48	46	54	52	51	45
EBIDTA %	14%	12%	13%	12%	14%	12%	16%	13%	15%	12%
PBT before Exceptional	34	32	35	34	34	30	39	35	36	28
Exceptional Items	-2	-2	-1	-1	-2	-1	-2	-3	-2	-3
PBT after Exceptional Items	32	30	34	33	32	29	37	32	34	25
PAT	21	18	22	21	36	33	29	24	27	19
EPS*	28	22	37	30	50	44	56	50	59	50
Book Value	223	207	234	216	253	234	256	235	270	245

*EPS is calculated on the basis of trailing 12 months results

Key Highlights - Q1, FY16-17 Results

India Operations	Overseas Subsidiaries
Income is lower compared to Q1FY16 on account of reduced unit cost of polypropylene prices by about 20% having net impact on sale by 12%. Volume growth in Q1FY17 is 6% mainly on account of improvement in manufacturing efficiency.	Operational EBITDA of subsidiaries continues to be on an improving trend. However, there is reduction in reported EBITDA in Q1FY17 compared to Q1FY16 due to exceptional items with cumulative impact of about Rs. 7.9 crore as under:
Speciality films growth by 13%	▪ Negative EBITDA impact due to hedging losses on Japanese Yen in Q1FY17 (vs. hedging gains in Q1FY16)
Efficiency improvement from variable cost reduction	▪ One time gain in Q1FY16 due to retrospective reversal of custom duty in USA
Lower tax in India due to SEZ tax exemption in Q1FY17 which was not there in Q1FY16	▪ Higher Inventory reserve in Q1FY17

Financials - Key Ratios



Particulars	Audited FY 13-14			Audited FY 14-15			Audited FY 15-16	
	Standalone	Consolidated		Standalone	Consolidated		Standalone	Consolidated
ROE (%)	10.7%	11.1%		9.7%	7.4%		21.7%	21.0%
ROCE (%)	7.0%	7.0%		10.0%	8.0%		17.0%	16.8%
Net Worth (INR Crores)	375.3	360.0		410.7	380.6		498.0	456.0
Net Debt (INR Crores)	517.0	526.9		453.7	465.0		384.1	389.7
Debt/Equity Ratio (times)	1.4	1.5		1.1	1.2		0.8	0.9
Asset Turnover Ratio (times)	2.2	2.3		2.7	2.7		2.4	2.5
Dividend per share (INR)	1.0			3.5			10.0	
Net Debt/EBITDA (times)	4.7	4.6		3.6	4.3		1.9	2.0

Improvement in EBITDA levels continues ..



- ❑ Improving Product Mix towards Value Add, with consequently better margins
- ❑ Some more opportunities in variable cost reduction mainly power cost
- ❑ Some further increase in production volume by improving existing manufacturing lines efficiency
- ❑ Continuous Improvement in USA Subsidiary, leading to better consolidated results
- ❑ New planned capacity expansion by 44% is on track, which is one of the world's largest and most efficient production capability for which financial closure is obtained at low financing cost

Customer Centricity to become Global preferred Player



- ❑ Creating Customer Centric Culture : Robust Service Offer, CRM, Cross Functional Alignment
- ❑ Creating brand visibility globally : Digital marketing, Print Media advertising, Trade shows participation etc.
- ❑ Solution approach to Selling : Establishing tripartite partnership between us, Converter and Brand Owners to find solutions for unmet needs
- ❑ Improving End User Engagement
- ❑ Expanding Customer base in Potential Segments and Geo-Markets
- ❑ Strengthening sales team : local resources in several countries, dedicated resource for engagement with global brands, etc.

Corporate Governance - Board of Directors



- Mr. Ashok Jaipuria, **Chairman & Managing Director**

Our founder Chairman & Managing Director has more than 40 years of experience of the Corporate World. He is a Member of the Executive Committee of the FICCI, president of the Golf Foundation, a member of the Board of Governors of IIT- Patna and among the Board of Directors of DPS, Gurgaon.



- Mr. A. K. Jain, **Whole Time Director**

Mr. Jain has over four decades of experience in Finance and Accounts and General Management functions in industrial enterprises in India. Mr. Jain is a Commerce Graduate from Meerut University and an AICWA from ICWAI and a Certified Information System Auditor from Information System Audit and Control Association, USA.



- Mr. H K Agrawal, **Independent Director**

Mr. Agrawal has over four decades of experience in the fields of Strategic Management, Organization Structure, Finance and Training. He is an independent Management Consultant. Mr. H.K. Agrawal is a Mechanical Engineer from University of Jodhpur and MBA from Indian Institute of Management, Ahmedabad.



- Mr. Rajeev Gupta, **Independent Director**

Mr. Gupta earned his B.Tech from IIT-Banaras Hindu University and a M.B.A. from the Indian Institute of Management, Ahmedabad. He was till recently the Managing Director of Carlyle Asia Partners and the Head of the Carlyle India Buyout Team.



Corporate Governance - Board of Directors (Contd..)



- Ms. Alpana Parida, **Non Executive Non Independent Director**

Ms. Alpana Parida has more than two decades of extensive experience in retail and marketing communications in the US and in India. Ms. Alpana Parida graduated from IIM-Ahmedabad in and has a degree in Economics from St. Stephens, Delhi University. Currently she is the President of DY Works, India's oldest and largest Branding Firm headquartered in Mumbai.



- Mr. Ashish Kumar Guha, **Independent Director**

Mr. Ashish Kumar Guha has served as Chief Executive Officer & Managing Director at Heidelberg Cement India Limited. He has been a member of Indian Business delegation to the United States and many other nations. He is an Honours Graduate in Economics and an Alumnus of London Business School (Management Development Programme).



- Mr. Pratip Chaudhuri, **Independent Director**

Mr. Pratip Chaudhuri holds a BSc. (Hons) Degree from St. Stephen's College, Delhi University and MBA from University Business School, Chandigarh. He is a Certified Associate of Indian Institute of Bankers (CAIIB). He retired as Chairman of State Bank of India, which is India's largest Bank. He is currently serving on the Board of several leading Companies.



- Mr. H. N. Sinor, **Independent Director**

Mr. H. N. Sinor has been a veteran banker, having spent over four decades in public as well as private sector banks like Union Bank of India, Central Bank of India and ICICI Bank. He was MD and CEO of ICICI Bank and after ICICI's merger with ICICI Bank, became Joint MD until his superannuation. He is also associated with various charitable and other trusts engaged in social activities.



- **Mr. Pankaj Poddar, Chief Executive Officer**

Mr Pankaj Poddar's career spans over a period of 20 years in finance, advisory, assurance and various leadership as well as management roles. Before joining Cosmo, Pankaj has worked with automotive & FMCG industries. His last stint was with Avon Beauty products as "Director Finance". Pankaj has also worked as the India CFO for Delphi Automotive Systems, Regional Head Assurance Services for Reckitt Benckiser and Manager Advisory & Assurance Services in Ernst & Young. Pankaj is a B.Com (H) from SRCC, qualified Chartered Accountant and holds a diploma in management.



- **Mr. Neeraj Jain, Chief Financial Officer**

Mr. Neeraj has over 17 years of experience in finance, business planning and strategy, taxation and risk management. He is a Bachelor of Commerce from Delhi University, a qualified Chartered Accountant and a Certified Information Systems Auditor (CISA) from ISACA, USA. Neeraj is with the Cosmo Films from March 2013 and has worked with Havells, Aditya Birla Group and Bajaj Allianz before joining Cosmo Films.

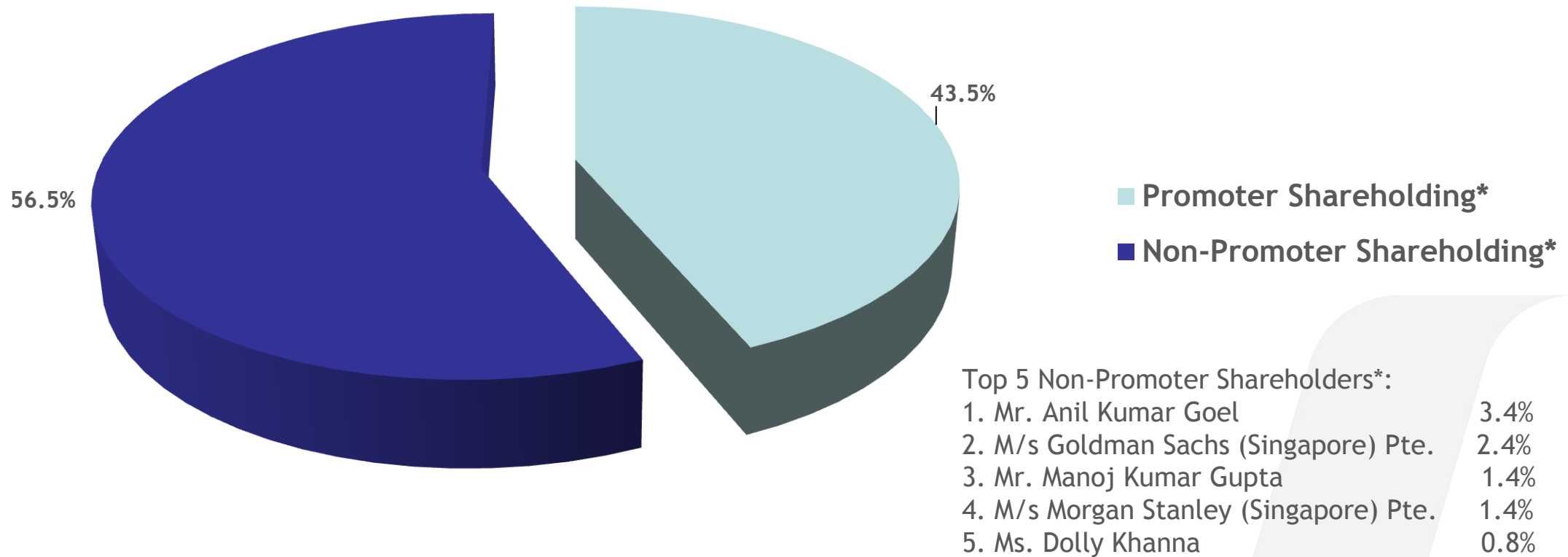


- **Mr. Satish Subramanian, Vice President - Global Sales & Marketing**

Mr. Satish has over 20 years of sales experience in B2B & B2C and has expertise in Global Account Management, Business Development, Multi-Channel Sales, Solution Selling, Strategy Development, Retail Supply Chain, Product Management and P&L Management. Mr. Satish is a Bachelor in Computer Science from Ferguson College, Pune and MBA from Symbiosis Institute of Business Management, Pune.



Shareholding Pattern (%age)



* As at Jun 30th, 2016

Care for environment



- ✓ ISO 140001
- ✓ BRC Global Standard
- ✓ Down gauging
- ✓ Oxo-biodegradable films
- ✓ Water Recycling
- ✓ Effluent treatment plant
- ✓ Natural lighting
- ✓ Support to water based ink printing
- ✓ 100% water based coating
- ✓ Rain water harvesting



1. The Company's CSR arm 'Cosmo Foundation' was established in 2008 and has built in partnership with sixteen government & grant-in-aid schools spread over 10 villages in the Karjan Block of Gujarat around 2,500 students who are receiving quality education.
2. Cosmo Foundation is crowned with National Award for Excellence in CSR and sustainability in the category – Best Education Improvement Award.
3. Four Public Gardens are maintained in Aurangabad to enhance City's environment and green area.
4. Sponsored Shahid Bhagat Singh Cricket Tournament organized by Trade Unions in Aurangabad.



Disclosure

Certain statements in this presentation are “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 or occurrences. Actual results other financial condition may differ materially from those included in these statements due to a variety of factors. Any forward-looking statements made by or on behalf of Cosmo Films speak only as to the date they are made, and Cosmo Films does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

Thank you



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