



# Specialty Solution for Packaging

LAMINATION | LABELS | OVERWRAPS | PACKAGING PRINTING POUCHING

November 2017

# Discussion Summary

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- Company Overview
- Demand-Supply Dynamics and Capacity Expansion
- Financials
- Key Focus Areas
- Corporate Governance & Management
- Environment & CSR



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

## 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: 196k MT
- ❑ Thermal: 40K MT
- ❑ Coated Specialty Films: 10K MT
- ❑ Metalized Films: 15k MT
- ❑ CPP: 3K 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

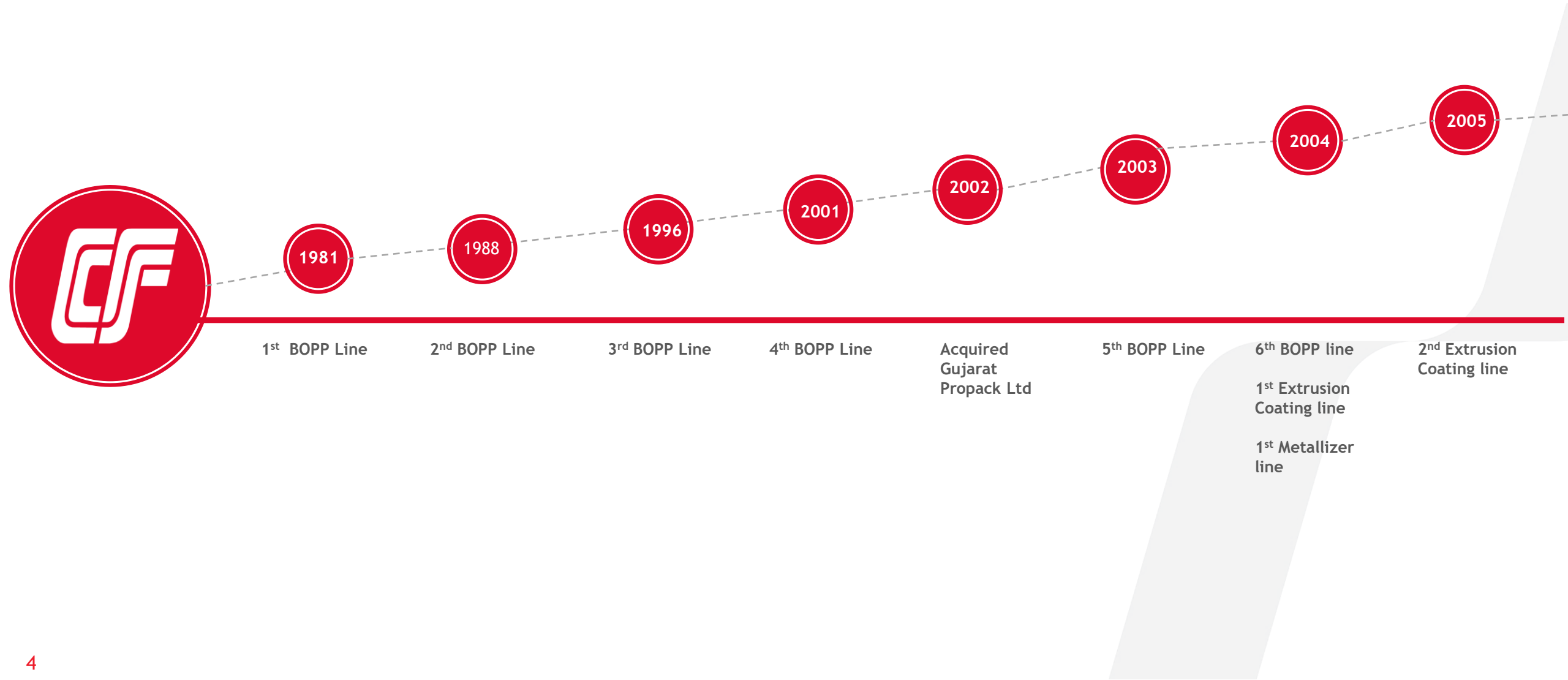
## Strong R&D Focus

- ❑ 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

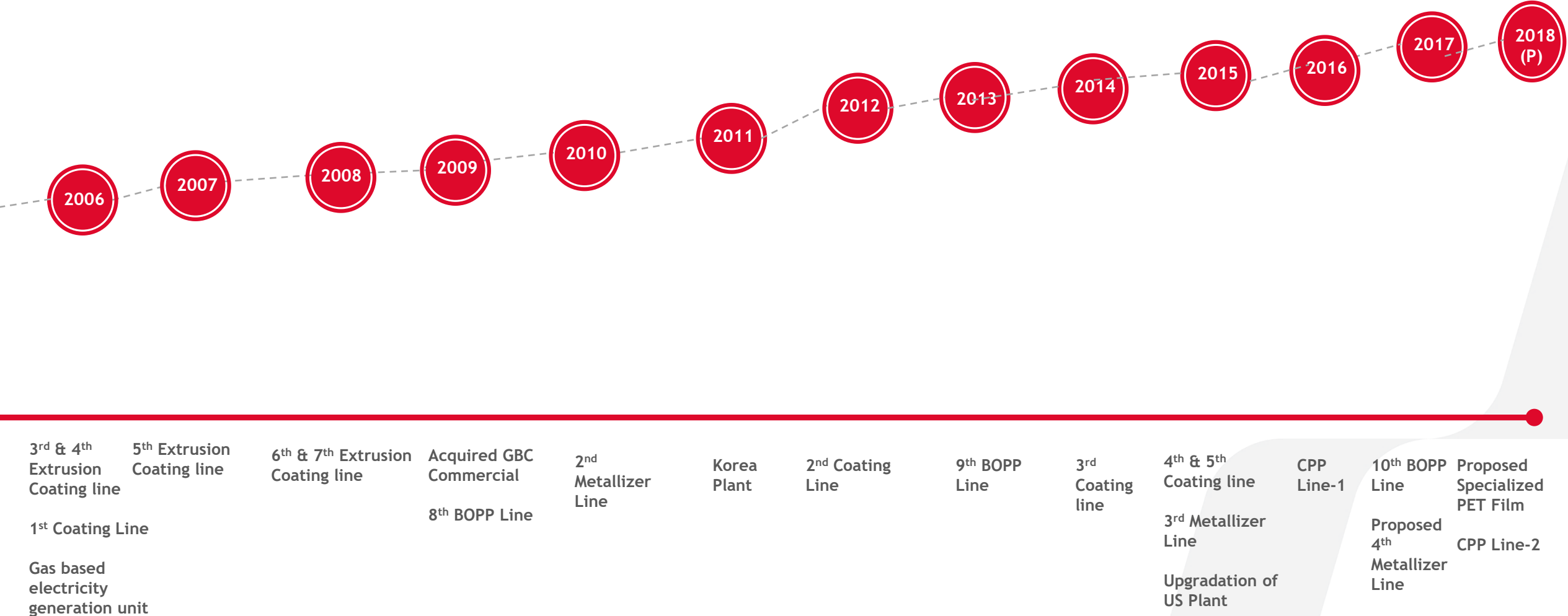
## Certification, Awards & Recognition

- ❑ 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

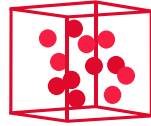


# Company Overview - BOPP EDGE



**EXCELLENT CLARITY**

BETTER AESTHETICS  
HIGH GLOSS



**LOWEST DENSITY**

HIGHER YIELD



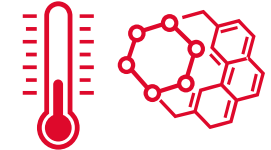
**BARRIER TO MOISTURE**

BETTER SHELF LIFE  
GUARD SENSITIVE  
PRODUCTS



**CHEMICALLY INERT**

SUITABLE FOR FOOD &  
PHARMA



**LOW MELTING POINT &  
MOLECULAR WEIGHT**

FULLY RECYCLABLE

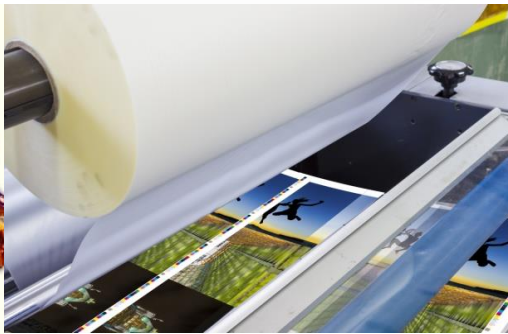
## PACKAGING FILMS

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

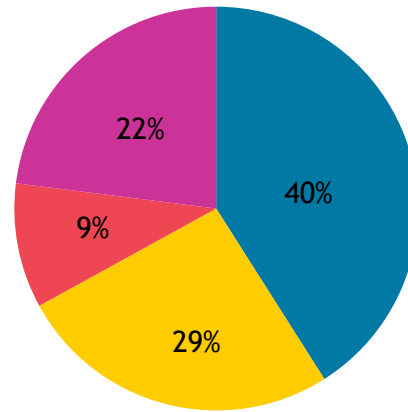


## LAMINATION FILMS

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



## SALES REVENUE



- Packaging
- Lamination
- Label
- Industrial



## 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





# Key New Value Add Product launches in last few quarters



## PACKAGING FILMS

### 1 Ultra High Barrier Film

Film with high barrier as replacement of Aluminium Film

### 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, Barrier and Sealing Strength metalized BOPP & CPP Film

Metalized BOPP and CPP Film with excellent high barrier, sealing and speed

## LABEL FILMS

### 1 Direct thermal printable (DTP) film and Paper

Airline baggage tag, labels, etc.

## LAMINATION FILMS

### 1 Universal PET Lidding Film

Universal lidding film which laminates with different plastic and paper materials and has easy release

### 2 Nylon Velvet Film

Enhancement of product appearance in Graphic Industry and Velvet cloth like feel which also enriches the colour depth on printed surface

## INDUSTRIAL FILMS

### 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.)

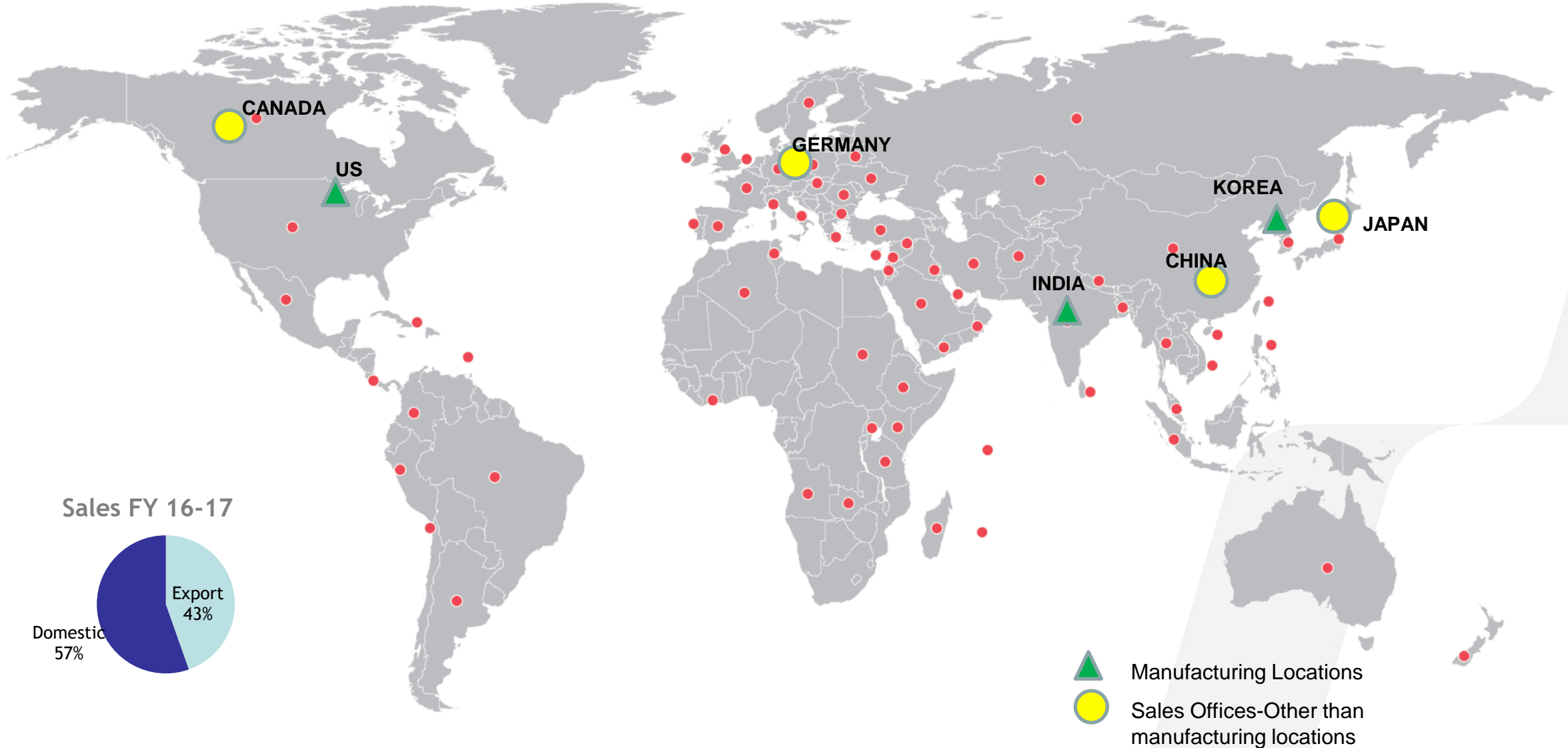
# Company Overview - Manufacturing Footprint



		Number of lines				
Plants		BOPP	Thermal	Coating	Metalizing	CPP
	Waluj, Aurangabad, India	5 Lines	3 Lines	2 Lines	1 Line	1 Line
	Karjan, Vadodara, India	3 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			
<b>TOTAL INSTALLED CAPACITY</b>		<b>1,96,000 TPA</b>	<b>40,000 TPA</b>	<b>10,000 TPA</b>	<b>15,000 TPA</b>	
Future Committed Capacity					<b>7,200 TPA</b>	<b>6,000 TPA</b>
<b>Grand Total</b>		<b>1,96,000 TPA</b>	<b>40,000 TPA</b>	<b>10,000 TPA</b>	<b>22,200 TPA</b>	<b>9,000 TPA</b>



# 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 BOPP demand is estimated to be approx. 7.8 million MT per annum
- ❑ The global demand and supply are broadly balanced except China



- ❑ Currently India BOPP production capability is estimated at approx. 575k MT per annum.
- ❑ India domestic BOPP consumption is approx. 410k-440k MT per annum and remaining is being exported.
- ❑ Indian BOPP Industry has been growing at almost double of the India's GDP growth rate.



Strong domestic and global demand is helping efficient capacity utilisation.



In line with strong demand fundamentals, Cosmo Films has implemented an increase in capacity by 60k MT p.a. in early Feb 2017 with 10.4 meter width state of art BOPP line, which is one of the lowest cost producing line in the world.



## 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.

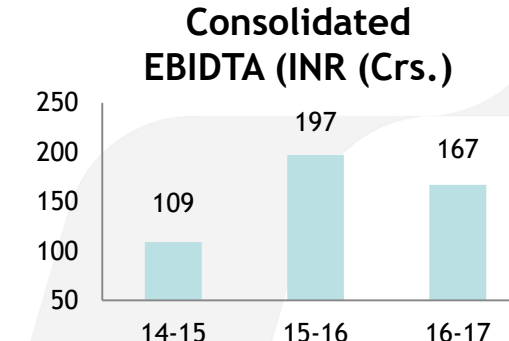
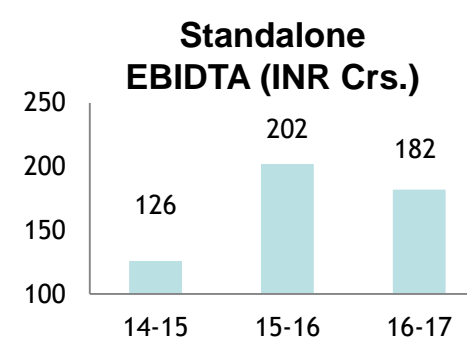
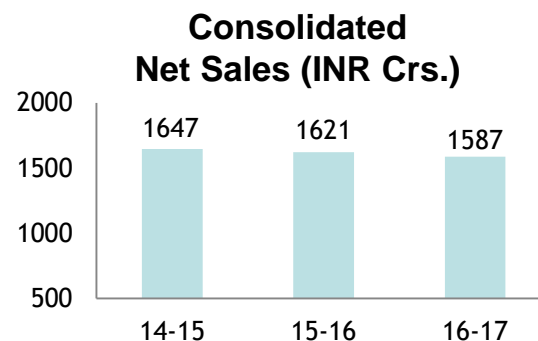
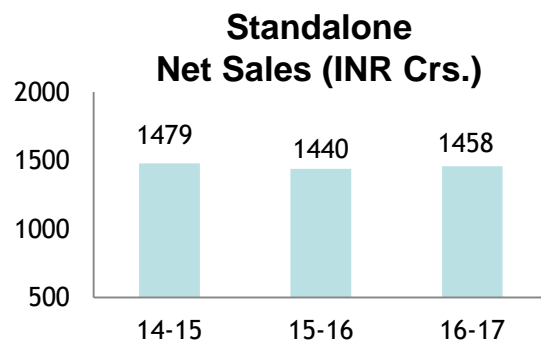
Data Source: AMI/PCI/Other Independent Research and Industry Sources

Particulars
Net Sales
<b>EBIDTA</b>
<b>EBIDTA %</b>
PBT before Exceptional
Exceptional Items
PBT after Exceptional Items
<b>PAT</b>
EPS
Book Value

Audited FY 14-15	
Standalone	Consolidated
1,479	1,647
<b>126</b>	<b>109</b>
<b>9%</b>	<b>7%</b>
58	35
(9)	3
49	38
<b>40</b>	<b>28</b>
21	14
211	196

Audited FY 15-16	
Standalone	Consolidated
1,440	1,621
<b>202</b>	<b>197</b>
<b>14%</b>	<b>12%</b>
142	131
(6)	(7)
135	124
<b>108</b>	<b>96</b>
56	50
256	235

INR Crores	
Audited FY 16-17	
Standalone	Consolidated
1,458	1,587
<b>182</b>	<b>167</b>
<b>12%</b>	<b>11%</b>
119	97
(1)	(2)
119	95
<b>112</b>	<b>89</b>
57	46
314	281



- ✓ New capacity addition in FY 12-13 impacted margins temporarily in India, which is balanced now.
- ✓ FY 16-17 revenue fell marginally though the volume increased by 5% due to pass through impact of drop in raw material prices and drop in commodity margins. Commodity margins had one of the lowest run with a drop of almost 35% in the last year. The impact from lower margins was compensated by significant growth in speciality sales & operational efficiency improvements.
- ✓ Consolidation results in FY 16-17 were adversely impacted mainly by one time items.

Particulars	INR Crores					
	Unaudited Q2 FY 17-18		Unaudited Q1 FY 17-18		Unaudited Q2 FY 16-17	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	459	488	458	440	366	405
<b>EBIDTA</b>	<b>53</b>	<b>51</b>	<b>39</b>	<b>35</b>	<b>49</b>	<b>45</b>
<b>EBIDTA %</b>	<b>12%</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>	<b>13%</b>	<b>11%</b>
PBT	30	26	18	13	32	26
<b>PAT</b>	<b>25</b>	<b>20</b>	<b>15</b>	<b>9</b>	<b>26</b>	<b>20</b>
<b>EPS*</b>	<b>50</b>	<b>41</b>	<b>51</b>	<b>41</b>	<b>61</b>	<b>50</b>
Book Value	333	310	332	310	284	257

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

## Key Highlights - Q2, FY17-18 Results

Consolidated sales volume increased by 26% on YoY basis (including production from new BOPP line commissioned in February 2017) and 10% on QoQ basis. Speciality sale has grown at 25% on YoY basis and 5% on QoQ basis. This helped the Company to offset the unfavourable impact of fall in commodity film margins which further aggravated during the quarter and the pressure still persists.

The Company continue to focus on growing specialty film sales and improving internal operational efficiencies, which will support in insulating from commodity film margin pressures and building a long-term sustainable growth.

EBITDA during the quarter includes Rs 12 crores on account of re-computation of sales tax exemption benefit post a favourable judgement in the matter.



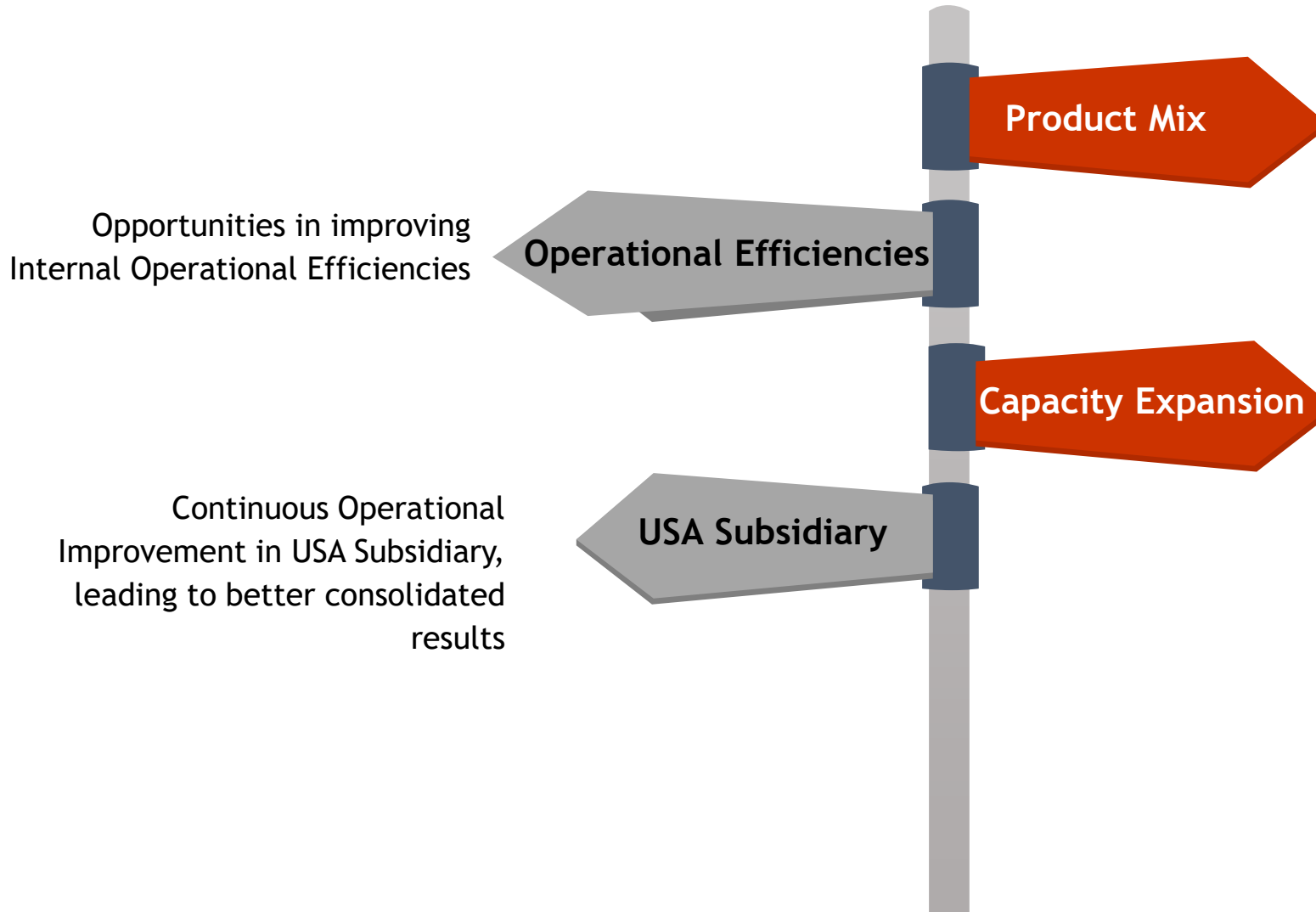
# Financials - Key Ratios



Particulars	Audited FY 14-15		Audited FY 15-16		Audited FY 16-17	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
ROE (%) *	10%	7%	24%	23%	21%	18%
ROCE (%) *	10%	8%	17%	17%	13%	12%
Net Worth (INR Crores)	411	381	498	456	610	547
Net Debt (INR Crores)	454	465	384	390	570	579
Debt/Equity Ratio (times)	1.1	1.2	0.8	0.9	1.0	1.1
Asset Turnover Ratio (times)*	2.7	2.7	2.4	2.2	2.7	2.5
Dividend per share (INR)	3.5		10.0		10.0	
Net Debt/EBITDA (times)*	3.6	4.3	1.9	2.0	3.1	3.5

\* FY 16-17 ratios are not comparable as new BOPP 40% capacity added from Feb 2017 and is yet to generate trailing 12 months returns. ROCE / ROE have been calculated on average capital employed and average equity respectively.

# Key Focus Areas

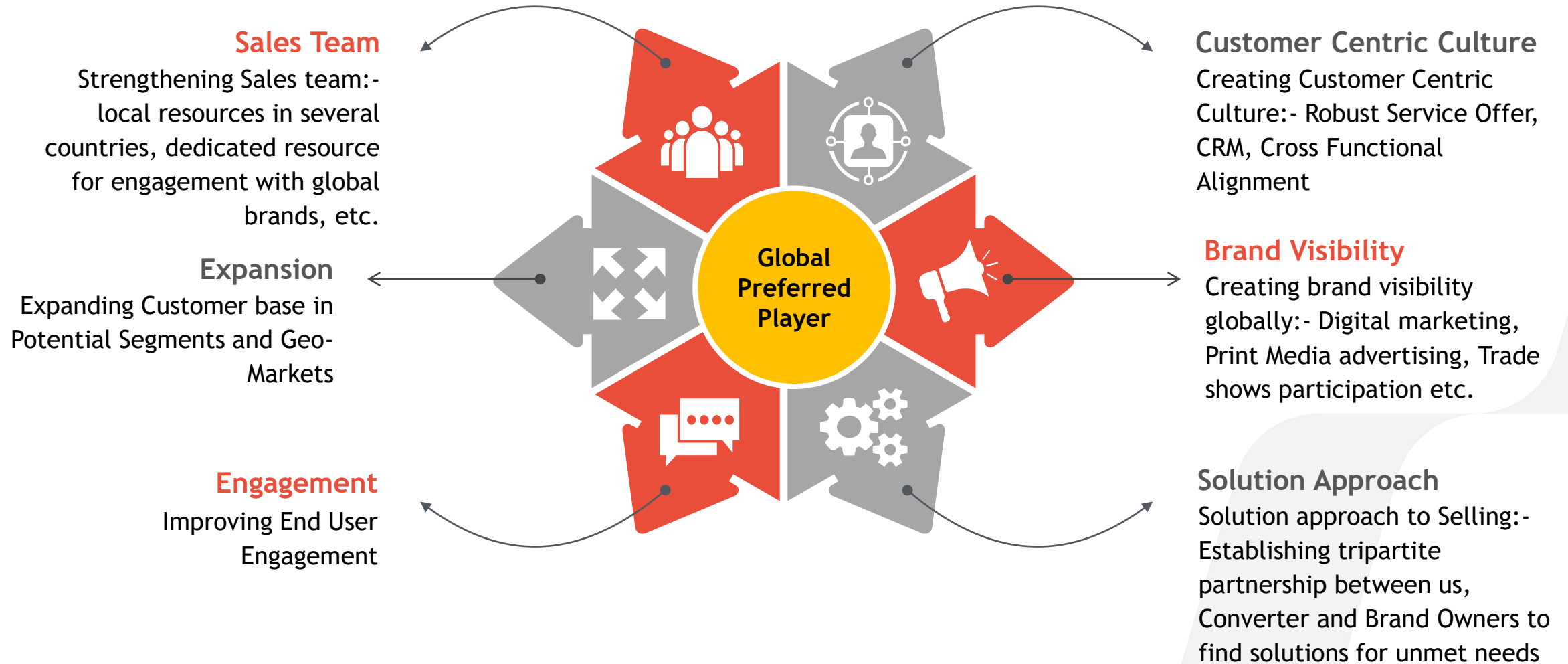


Improving Product Mix towards Value Add, with consequently better margins and removing cyclability impact (substantial Speciality improvement in FY 16-17)

New capacity expansion by 44% recently in early Feb 2017, which is one of the world's largest and most efficient production capability.

Further Capacity expansion is planned mainly in Value Add segment.

# Customer Centricity to become Global preferred Player



# 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.



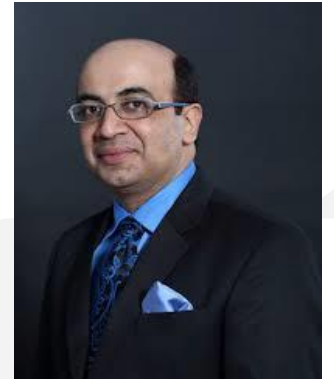
- Mr. H. N. Sinor, **Independent Director**

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.



- Dr. Vivek Nangia, **Independent Director**

Dr. Nangia is one of the very few qualified Infectious Diseases Specialists in the entire country having successfully completed first a Diploma and then M.Sc in Infectious Diseases from London University, UK as well as an Editor of a textbook titled "Sleep Related Breathing Disorders", published by JayPee brothers in 2014. He is acting as Director & Head - Department of Pulmonology, Medical ICU and Sleep Medicine, Fortis Flt. Lt. Rajan Dhall Hospital-New Delhi, Director - Department of Pulmonology, Fortis Escorts Heart Institute and Research Center, Okhla Road, New Delhi and Senior Consultant, Infectious Diseases Fortis Flt. Lt. Rajan Dhall Hospital- New Delhi.



- **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. Awarded Indian CEO of the Year – 2016 by Brand Summit India.



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

Mr. Neeraj has over 18 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.

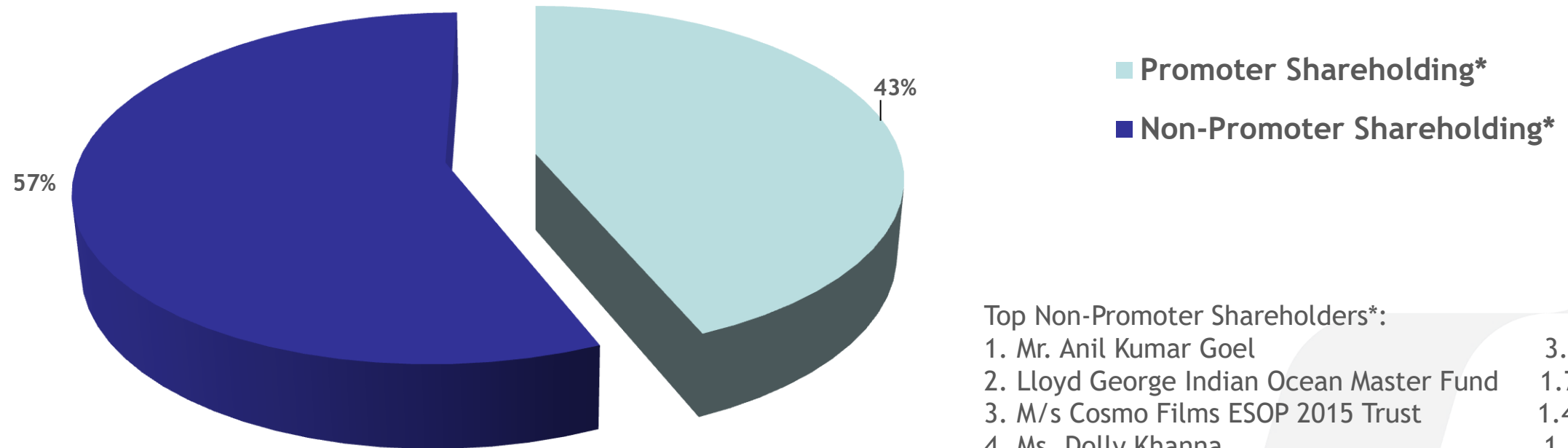


- **Mr. Satish Subramanian, Vice President - Global Sales & Marketing**

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)



### Top Non-Promoter Shareholders\*:

1. Mr. Anil Kumar Goel	3.1%
2. Lloyd George Indian Ocean Master Fund	1.7%
3. M/s Cosmo Films ESOP 2015 Trust	1.4%
4. Ms. Dolly Khanna	1.0%
5. Mr. Kapil Kumar Wadhawan	0.8%
6. JM Financial Services Ltd	0.6%
7. Government of the Province of Alberta	0.6%

\* As at Sept 30th, 2017



# 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



# Corporate Social Responsibility - Cosmo Foundation



1. The Company's CSR arm 'Cosmo Foundation' was established in 2008 and has built in partnership with about eighteen 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. Initiated Computer Education in four Govt Schools in Aurangabad beside maintaining four public gardens 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



[www.cosmofilms.com](http://www.cosmofilms.com)