

Cosmo Films - A Perspective

Speciality Films for Sustainable Packaging

Flexible Packaging | Lamination | Labeling | Synthetic Paper

January 2021

Discussion Summary

- ❑ Company Overview
- ❑ India Industry – Key Dynamics and Capex Strategy
- ❑ Key Focus Areas - R&D, Sustainability and Specialty Company
- ❑ Financials
- ❑ Corporate Governance & Management
- ❑ Why Invest in Cosmo Films?
- ❑ Corporate Social Responsibility

Company Overview



Strong History & Leading Position

- ❑ Established in 1981, Cosmo Films Ltd. is the pioneer of BOPP Films Industry in India.
- ❑ Promoted by Mr. Ashok Jaipuria, the company is also the largest BOPP film exporter from India.

Global Leader in Thermal Lam Films

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

Unique Proposition

- ❑ Uniquely positioned with good mix of specialty and commodity films.
- ❑ Widest product portfolio under one roof.
- ❑ Multiple lines allowing dedicated runs for speciality films.

Production Facilities

- Units in India, Korea, & USA with annual installed capacity as follows:
- ❑ BOPP Films: 196K MT
 - ❑ Thermal Films: 40K MT
 - ❑ Coated Specialty Films: 20K MT
 - ❑ Metalized Films: 22K MT
 - ❑ CPP Films: 10K MT
 - ❑ Specialty Chemical: 10k MT

Strong Export Footprints

- ❑ Leading BOPP Films exporter from India with export to more than 100 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 years.
- ❑ Recently received one patent for Release BOPP Film and applied for a new patent for High Barrier CPP Film. This in addition to 6 patents in India and 3 in US.

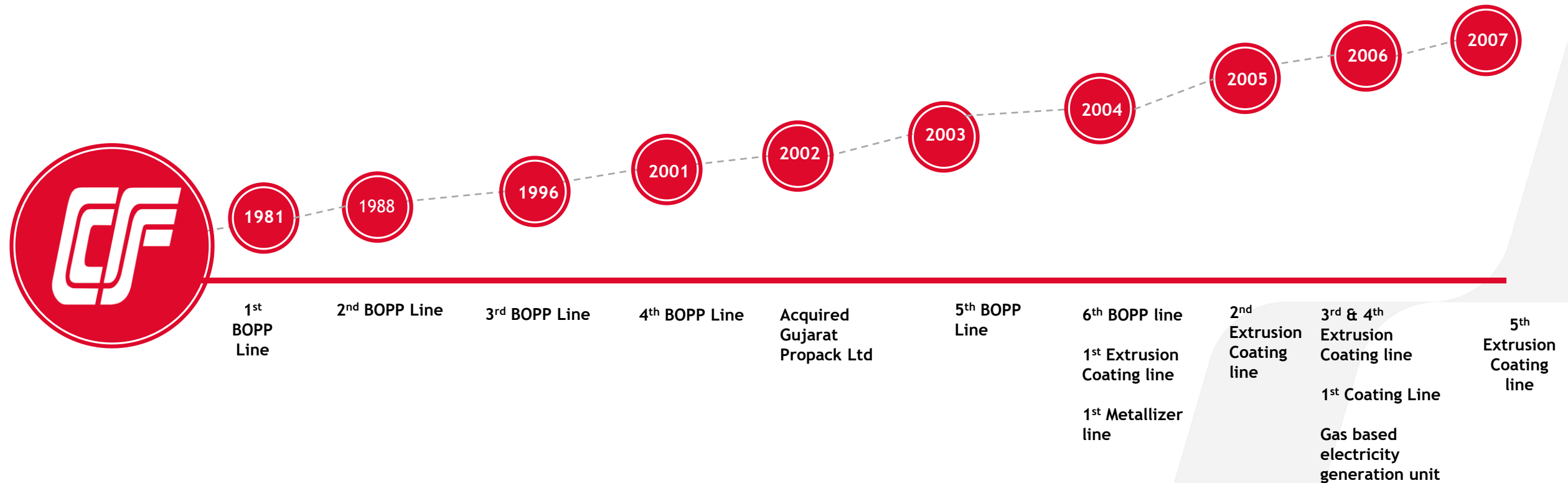
Certification, Awards & Recognition

- ❑ ISO 9001:2000
- ❑ ISO 14001:2004
- ❑ British Retail Consortium (BRC)
- ❑ American Institute of Baking (AIB)
- ❑ CII Excellence Award for 5S
- ❑ Winner of several product innovation awards viz. PFFCA, Asia Star etc.

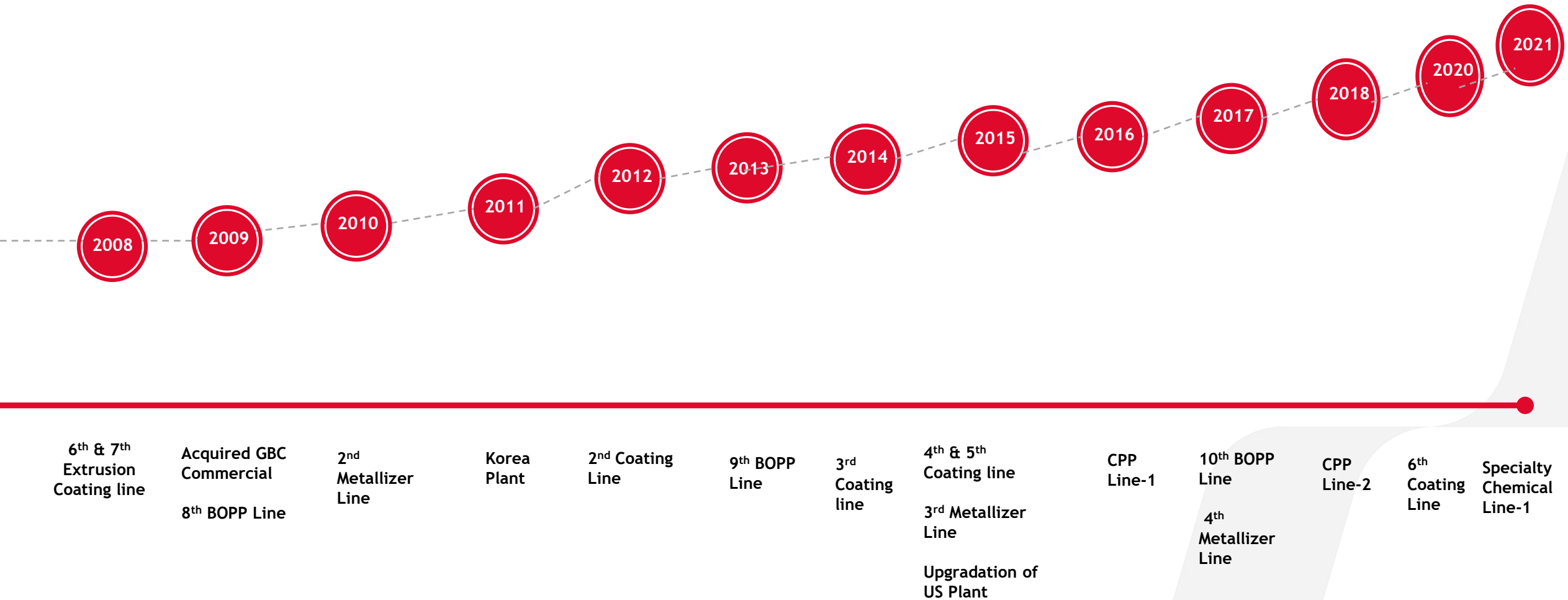


“To be the most preferred global brand offering value added oriented films for packaging, labels, lamination and industrial applications.”

Company Overview - Milestones



Company Overview - Milestones



Company Overview - BOPP EDGE



MOISTURE BARRIER
Better Shelf Life,
Guard Sensitive
Products



CHEMICALLY INERT
Suitable For Food &
Pharma



LOW COF AND LOW SIT
Good Machinability
At High Speeds



HEAT SEALABILITY
Suitable For Flexible
Packaging



**EXCELLENT CLARITY &
HIGH GLOSS**
Better Aesthetics



LOWEST DENSITY
Higher Yield



**LOW MELTING POINT &
MOLECULAR WEIGHT**
Fully Recyclable
Environment Friendly



VERSATILE IN NATURE
Additives Can Lead To
Various Modifications
& High Performance

Company Overview - Product Portfolio



PACKAGING FILMS

- Print & Pouching Films
- Barrier Films
- Overwrap Films
- Lidding Films



LAMINATION FILMS

- Standard Range (Thermal Lamination & Wet Lamination)
- Special Application Lamination Films
- Premium Lamination Films



LABEL FILMS

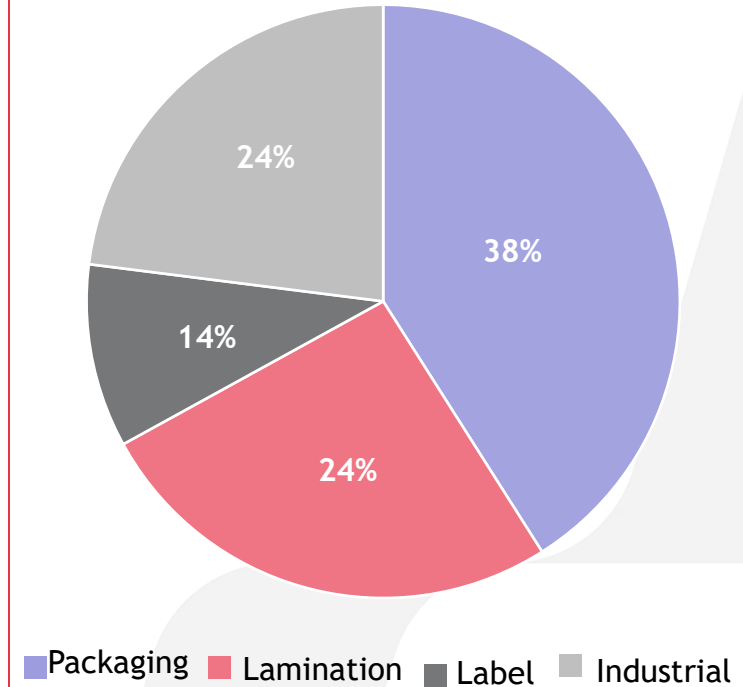
- Pressure Sensitive Label stock films
- Direct Thermal Printable films
- In-mould films
- Wrap Around label films



INDUSTRIAL FILMS

- Synthetic paper
- Tape & Textile Films

SALES REVENUE



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Manufacturing Footprint



PLANTS	NUMBER OF LINES					
		BOPP	Thermal	Coating	Metalizing	CPP
	Waluj, Aurangabad, India	5 Lines	2 Lines	3 Lines	1 Line	1 Line
	Karjan, Vadodara, India	3 Lines		1 Lines	2 Line	1 Line
	Shendra, Aurangabad, India	1 Line	5 Lines	2 Line	1 Line	
	Asan, Korea		1 Line			
	TOTAL INSTALLED CAPACITY	1,96,000 TPA	40,000 TPA	20,000 TPA	22,000 TPA	10,000 TPA



Waluj, India



Shendra, India

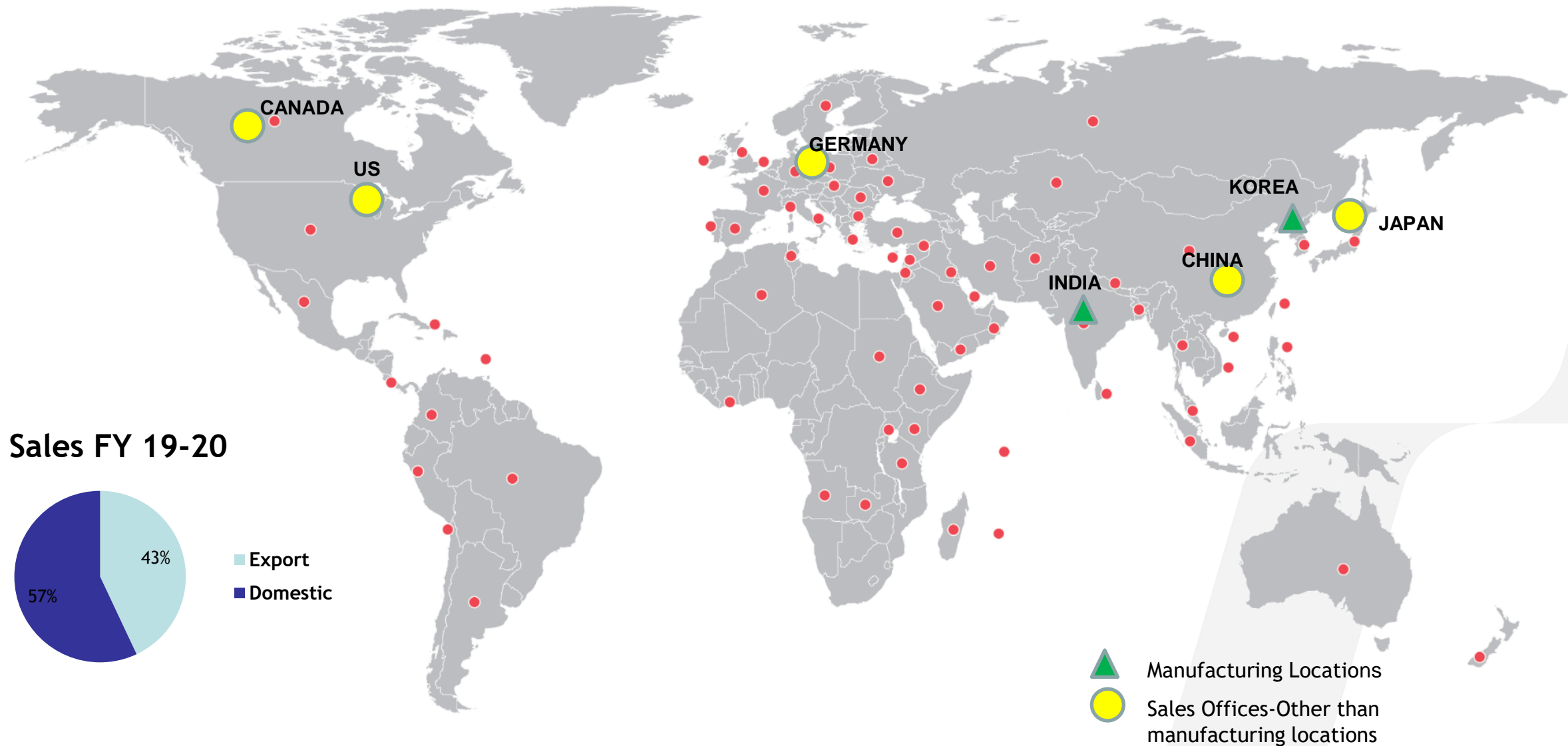


Karjan, India



Asan, Korea

Company Overview - Customer Base



Key Customers



Americk Packaging

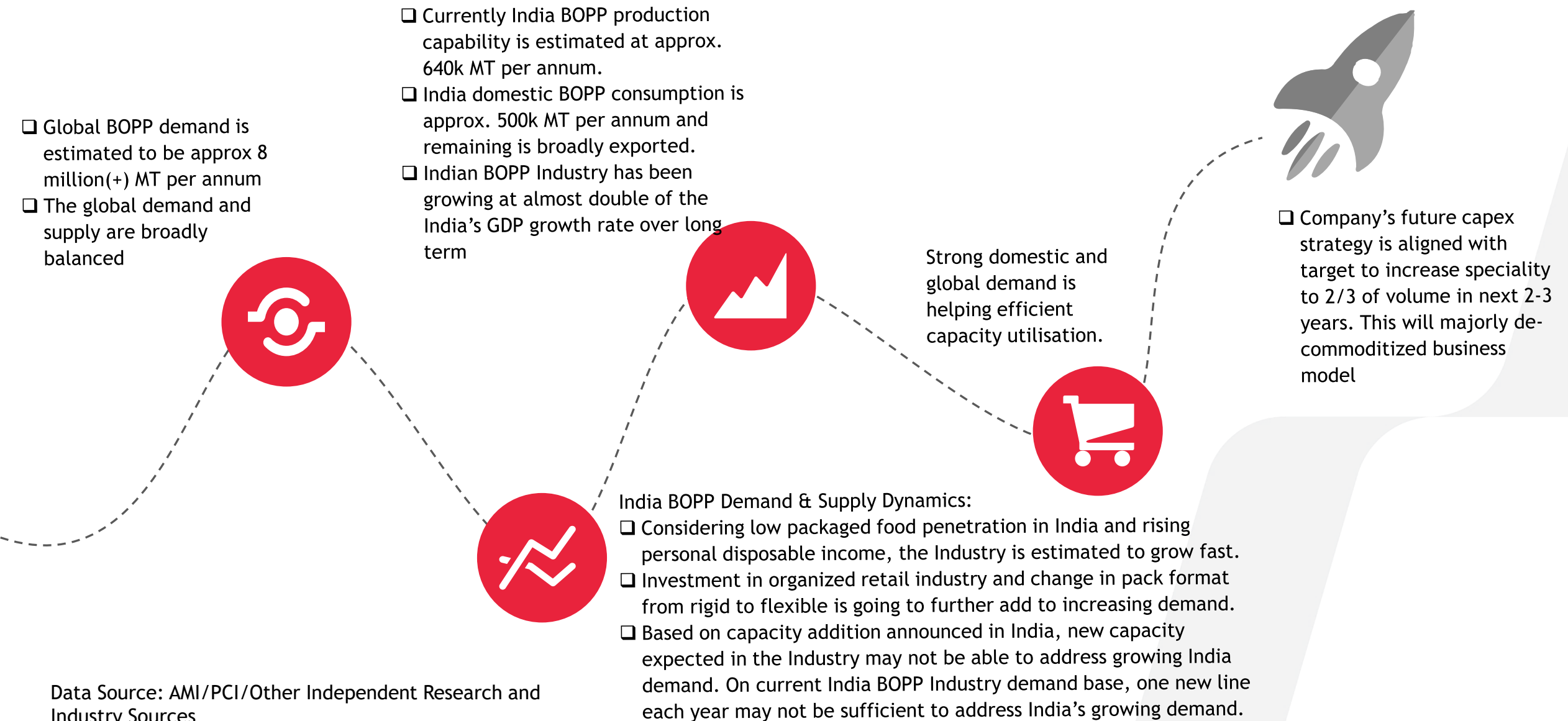
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Some of the brands we service



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India Industry Dynamics and Capex Strategy



Key Focus Areas



Speciality and Product Mix

Skewing Product Mix more towards specialty products, with consequently better margins and removing cyclability impact.

R&D and Sustainability Focus

More & more green practices in manufacturing, more films enabling circular economy. Innovation led products.

Customer Centric

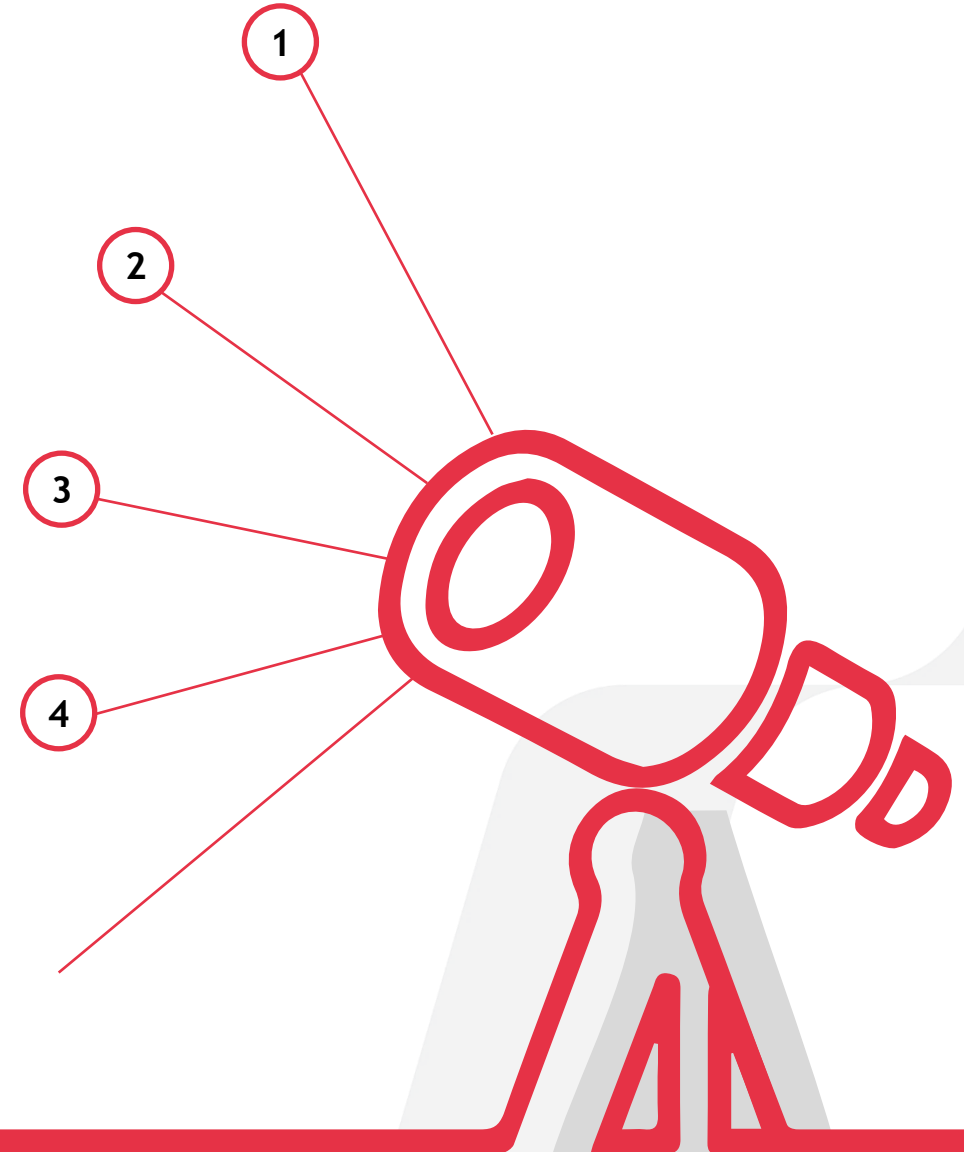
Creating Customer Centric Culture:- Robust Service Offer, New Offices Overseas, CRM, Establishing tripartite partnership between us, Converter and Brand Owners.

Capex Strategy and Capacity Expansion

Further Capacity expansion is planned mainly in Value Add segment and sustainability for next 2 years.

Diversification

Playing in strength areas, diversifying into special chemical manufacturing and B2C for specific products
Pets Care vertical



Key Specialty Products launched during last few quarters



High Barrier Recyclable Film

- Specifically designed for use in tea packaging, Noodles packaging or Shampoo Sachets etc.

Recyclable Laminates for Soap Wrap

- Mainly use to overwrap Soap.

TeplOR Heat Resistant Film

- excellent slip properties, good machinability and has a great performance on high-speed VFFS and HFFS machines

Metalized Velvet Film

- Excellent Matte velvet finish with a silvery look; ideal for luxury gift packaging, cosmetics, perfume cartons etc.

Universal PET Lidding Film

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

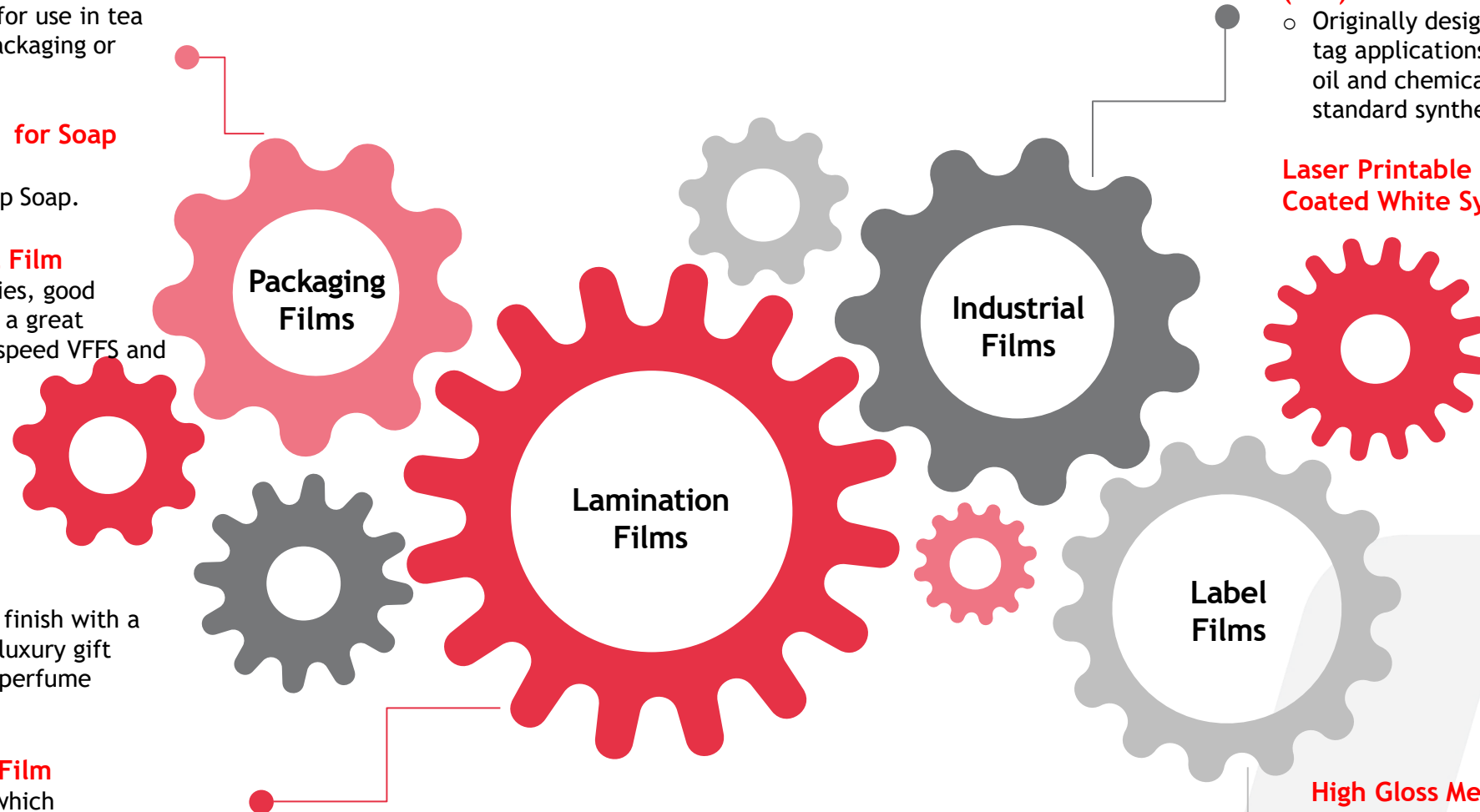
High Tear Resistant Synthetic Paper (CSP)

- Originally designed for high tear resistant tag applications. Also offers moisture, oil and chemical resistance just like standard synthetic paper.

Laser Printable (Dry Toner) Both Side Coated White Synthetic Paper

High Gloss Metalized Label Film

- Mirror Finish Glossy film which can be printed with high speed flexo printing machine. Suitable for premium labeling applications for instance liquor & personal care





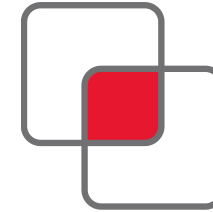
Focus areas

- Identifying technical (product/applications) growth areas through customer activities, exhibitions, publications and technical interactions
- Support water based printing and complete replacement of solvent based coatings with water based coatings
- Increase the occupancy of value adds in the products baskets
- Reduce carbon footprints through down gauging in our products and reducing consumption of raw materials & fuel



Infrastructure

- R&D labs with most sophisticated equipments, one in India & one in the US
- **Some of the equipments**
 - Barrier Testing (OTR & MVTR)
 - Differential Scanning Calorimeter (DSC)
 - Thermo Gravimetric Analysis (TGA)
 - Mass Spectrometer (MS)
 - Optical Microscope
 - Dynamic Mechanical Analyzer
 - Perkin Elmer FTIR
 - UV spot coating and screen printing
 - Scanning Electron Microscope (SEM)
 - ANSI Barcode scanner
 - UV flexoproof 100



Achievements

- Recognition and certification by Department of Scientific & Industrial Research, Government of India
- Recently received one patent for Release BOPP Film
- Multiple patents with 6 in India and 3 in the US
- Multiple product development Awards such as Indiarstar, IFCA STAR and PFFCA STAR awards
- First thermal lamination film to take extrusion coating without the primer

The R&D team has PHD's & Post Docs from renowned universities in the USA and Europe. Global experience in Packaging, Polymer Engineering, Biopolymers and Nanomaterials.

Recent R&D led infrastructure Investment



- Investment of 1M\$+ in new R&D centre in India
- New pilot line for customized product trials for film manufacturing, coating and lamination.
- Product Application Centre to validate print quality in-house
 - Screen, UV Flexo, Direct Thermal and Thermal Transfer printer
- Recently installed a new highly automated 2.2 meter coating line; capable of both sides coating in a single pass



- 01** Offer mono-material poly-olefin films for ease of recycling
- 02** Designed heat resistant BOPP films replacing BOPET; mostly used in print layer, giving last push to creation of mono-material structures
- 03** Company has been partnering with some of the best global brands to offer structure rationalization
- 04** Both BOPP and CPP films offer better yield, hence enabling reduced consumption of plastics
- 05** Offer a suitable substitute for aluminum foil in form of its Ultra-High Barrier Films
- 06** Offer Oxo-Biodegradable Films
- 07** Use of Water Based Coatings
- 08** UV stabilized Synthetic Paper can be used to replace PVC in outdoor promotional applications for shorter duration requirements up to one year

Customer Centricity to become Global preferred Player



CRM- A 360 degree view for Customers



- Visibility to stage wise progress of order from order receipt to order dispatch
- Auto email alerts at every stage of order processing with the final email containing LR/BL documents
- Automated process of sending invoice, packing lists and shipment plan to customers along with an option for downloading the documents online
- Complete visibility to receivables and statement of account in simple clicks
- Easy to log complaint and track status
- Option of uploading supporting photographs for faster complaint resolution
- Customer Portal Available on cloud, can be accessible from anywhere on any device



Initiatives to improve Quality Culture



- Implemented Six Sigma System at the organizational level to improve quality culture.
- 15 people trained as six sigma green belts last year, completed 10 projects covering quality, cost reduction and process improvements.
- Second batch of six sigma underway, new projects initiated.
- Implementation of 5S at shop floor is underway to make Cosmo shop floors world class.
- Taken initiatives like double door system on each door, automating door closures etc.
- Green rating awarded by EcoVadis Sustainability Ratings
- Initiated lean manufacturing from our Karjan unit which shall be horizontally deployed at all three locations.
- Initiated small quality improvement projects with lower level cross functional teams to reduce customer quality complaints.
- Started shop floor technical training for sales & marketing team for better understanding of product applications and manufacturing processes.
- Got A grade rating from two of major customers during plant quality audit.
- Customer complaint weekly QA meeting has been started and has been adding value to the quality management system.
- Initiated sharing product success stories for publishing on social media.
- Developed online COA (Certificate of analysis) generation application in SAP for all three units to provide system generated COAs to customers.

Cameras are installed on BOPP, Coating and Extrusion Coating Lines to detect inline defects and then rectify them

Some Recent Achievements



FY 2019-20

- Ranked as 10th in the list of Fortune's Next 500 midsize companies
- Brand Excellence Awards for Effective Use of Marketing Communication & for Engineering, Research and Development Sector
- Recognized as one of the top 500 corporates by Dun & Bradstreet
- Received the Best Employer Award at the 14th Aurangabad Employer Branding Awards
- Received the Aurangabad Manufacturing Leadership Award by the World Quality Congress
- Business Transformation Awards for exemplary innovation and transformation



FY 2018-19

- Mr. Poddar received the “Young Business Leader Award” at the Dare to Dream Awards, presented by Zee Business in association with SAP
- Mr. Poddar bagged the “People's CEO Award” at NIPM National HR Excellence Award
- Received the “SAP ACE Award” by SAP INDUS
- Received the “SAP Hana Visionary Award” by SAP



Pets Care Vertical

- ❑ Pets care business has been growing in India at 22% CAGR. With smaller families, rising income levels and limited social lives (especially post Covid), Pet adoption will increase many folds.
- ❑ The business scenario is highly fragmented and there is no organized players in India offering end to end comprehensive solution to the customers.
- ❑ Cosmo expects to fill up this void. Pets care is a low capex business while Brand Building will require some investments in the initial years.
- ❑ The Company is investing about 15 crores for pilot launch in NCR over next 12-15 months to ascertain the sanctity and viability of the Pets Care business to launch it at a larger scale.
- ❑ The Company expects to demerge Petcare division at right time which is expected to deliver high valuation and add significant value to shareholders.

Particulars	INR Crores					
	Audited FY 17-18		Audited FY 18-19		Audited FY 19-20	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	1,749	1,847	2,050	2,157	2,032	2,204
EBIDTA	181	168	169	181	262	280
EBIDTA %	10%	9%	8%	8%	13%	13%
PBT	85	64	69	72	163	163
PAT	85	64	58	61	114	113
EPS	44	34	30	32	60	59
Book Value	332	323	363	355	389	387

- ✓ FY19-20 EBITDA is higher by 55% primarily due to higher specialty sales by 11%, better BOPP films margins (balanced demand and supply scenario), operational efficiency and better performance by subsidiaries.
- ✓ The Company shall continue to invest in R&D and grow its specialty film portfolio thereby improving margins.

Particulars	INR Crs					
	Unaudited Q3 FY 20-21		Unaudited Q2 FY 20-21		Unaudited Q3 FY 19-20	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	508	572	514	560	534	580
EBIDTA	101	112	94	99	75	77
EBIDTA %	20%	20%	18%	18%	14%	13%
PBT	79	88	70	73	51	52
PAT	54	63	49	53	36	36
EPS*	95	97	85	82	59	63
Book Value	437	443	421	420	398	398

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

Key Highlights - Q3, FY20-21 Results

The Company posted highest EBITDA of Rs.112 crores during Q3 FY21 (despite 7% lower volumes partly due to debottlenecking one large production line to enable specialty films production) on the back of higher speciality sales (13% YOY), better operating margins from last year and inventory gain of Rs. 7 crores due to raw material price increase.

During the quarter the Company bought back 12.67 lacs shares at a price of Rs. 576 per share. The buyback reflects management's confidence in the company business strategy and growth prospects. Improvement in EPS, RoE, and RoCE will start coming from next quarter.

Financials - Key Ratios



Particulars	Audited FY 17-18		Audited FY 18-19		Audited FY 19-20		Unaudited YTD 9 months FY-21	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
ROE (%)	14%	11%	9%	9%	16%	16%	23%	23%
ROCE (%)*	10%	9%	8%	9%	15%	14%	20%	20%
Net Worth (INR Crores)	637	620	695	680	745	741	827	839
Net Debt (INR Crores)	617	681	588	643	537	584	489	445
Net Debt/Equity Ratio (times)	1.0	1.1	0.8	0.9	0.7	0.8	0.7	0.6
Asset Turnover Ratio (times)	2.2	2.4	2.0	2.1	2.3	2.1	2.2	2.3
Dividend per share (INR)	6.0		6.0		15.0		-	
Net Debt/EBITDA (times)	3.4	4.1	3.5	3.5	2.1	2.2	1.4	1.2

* Excluding Treasury

Above ratios are on trailing 12 months basis

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.



Ms. Alpana Parida
Independent Director

Ms. Alpana Parida has more than two decades of extensive experience in retail and marketing communication 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.

Corporate Governance - Board of Directors (Contd..)



Mr. Pratip Chaudhuri

Non Executive Non 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. Anil Wadhwa

Independent Director

Mr. Wadhwa is an Ex- Member of the Indian Foreign Services. He holds a Masters Degree in History with specialization in Chinese History and Medieval Indian History and Architecture. He has served as Indian Ambassador to Poland, Lithuania, Sultanate of Oman, Thailand, Italy and San Marino. He has also served as a Permanent Representative of India to the Rome based UN Agencies—FAO, IFAD and WFP. He was Secretary (East) in the Ministry of External Affairs in New Delhi from 2014-2016 looking after South-East Asia, Australasia and Pacific, Gulf and West Asian regions. He was also the leader of the Senior officials to all meetings of ASEAN, ASEM, ACD, Arab League, Mekong- Ganga Cooperation, ARF and East Asia Summit.

Senior Management



Mr. Pankaj Poddar
Chief Executive Officer

Mr. Pankaj Poddar's career spans over a period of more than two decades 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 Jain has over two decades of experience in finance, business planning, business strategy, taxation and risk management. Neeraj is with the Cosmo Films from March 2013 and has worked with Havells, Aditya Birla Management Corporation, and Bajaj Allianz on different leadership roles before joining Cosmo Films. He is a Bachelor of Commerce from Delhi University, a qualified Chartered Accountant and a Certified Information Systems Auditor (CISA) from ISACA, USA.



Mr. Sanjay Chincholikar
Head- Operations (India Films Business)

Mr. Sanjay Chincholikar's career spans over three decades in the field of manufacturing, engineering, projects, quality control, application and business development, sales and marketing and various leadership as well as management roles. In his current role, he heads Operations of India Films Business and is responsible for Manufacturing, Engineering, Research & Development, Quality Assurance and Technical Services Function. Sanjay is a Mechanical Engineer as well as a B.COM graduate. He is a post graduate in Sales and Marketing and holds a Diploma in management, business & factory management. He is also a certified Energy Manager by Bureau of Energy Efficiency, Government of India.

Why Invest in Cosmo Films?



Strong R&D focus –

- Ahead in Product Development Curve
- Company with high R&D focus will have edge in changing scenario in flexible packaging



Uniquely positioned -

- Mix of Specialty and BOPP Films
- with % share moving towards Specialty



Strong Financials (Dec 2020)

- ROE 23%
- ROCE 20%
- Net Debt/EBITDA 1.2 times



Sustainability focus company during phase of change in flexible packaging



Technology driven company –

First in Industry for taking technology initiatives i.e. CRM, Cloud Architecture, IT Security, MDM etc



Innovation - strong new Specialty Product basket to drive profitability



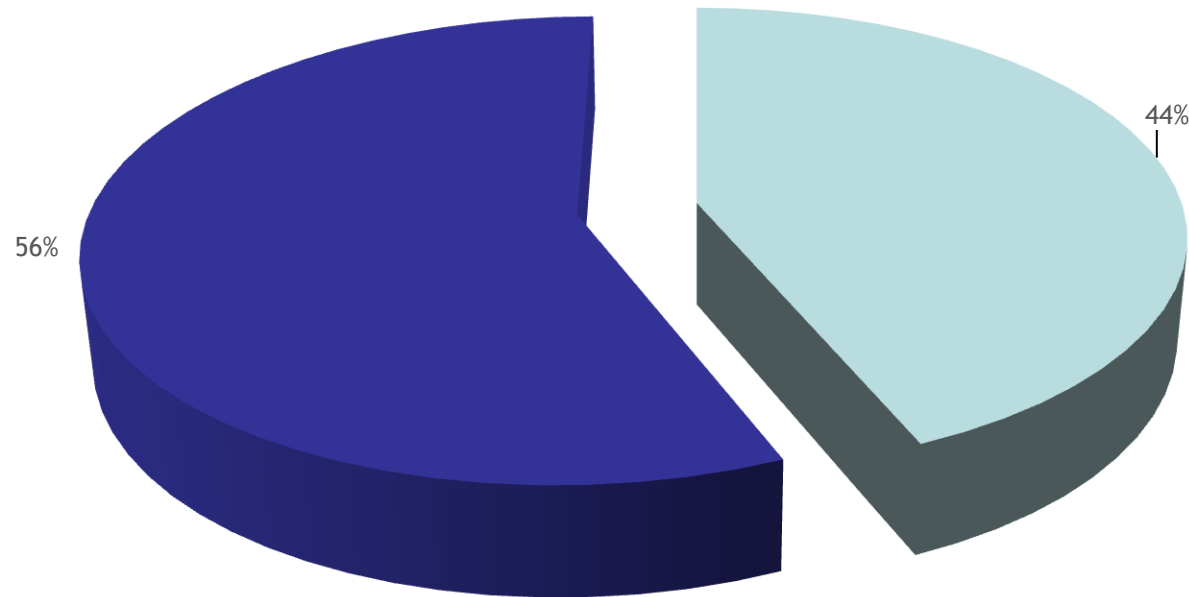
Well Risk Mitigation Strategies

Mix of Domestic & Exports.
Exports Revenue diversified in more than 80 countries



Highest Corporate Governance Standards

Shareholding Pattern (%age)



■ Promoter Shareholding*

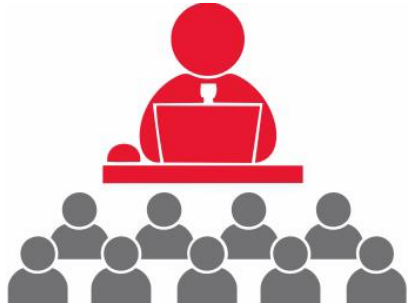
■ Non-Promoter Shareholding*

Top Non-Promoter Shareholders*:

1. M/s Cosmo Films ESOP 2015 Trust	2.0%
2. Acadian Emerging Markets	1.6%
3. Aequitas Equity Scheme I	1.0%
4. Mr. Vikas Mehra	0.6%
5. Aequitas Investment Consultancy	0.5%
6. Manishaben Jintendrabhai Lakhani	0.4%
7. LSV Global Concentrated Value Fund	0.4%
8. Sticing Shell Pension Funds	0.3%
9. Anishya Obhrai Madan	0.3%
10. Tapasya Obhrai Nair	0.3%

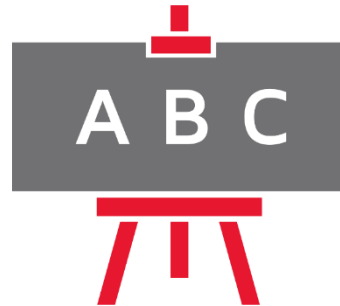
* As at December 31, 2020

Some of the Flagship Programs (Education to 10,000+ Students)



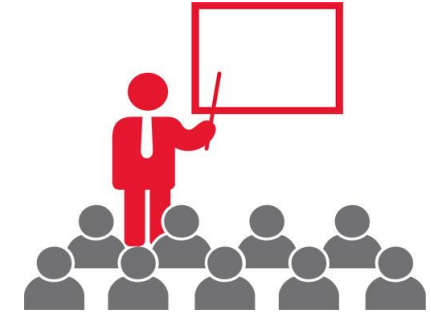
Computer Literacy Program

Covers 4,000 students from class I to XII every year



Basic English Learning Program

Implementation in 8 primary schools with 1,500 students



Cosmo Gyan Vihar Kendra

Identifies, enrolls and grades 2,500+ students from Class I to VII every year to strengthen their reading & writing skills

- National Award for Excellence in CSR & Sustainability -2015 in the category "Education Improvement"
- Asia Pacific Enterprise Leadership Award -2013 in the category Commitment to Philanthropy
- Africa CSR Leadership Award-2012 in the category improvement of Education
- "Transforming young lives through technology": An evaluation of the impact of the Computer Literacy Program in rural areas of Vadodra district - A paper Presented in Global Evaluation Conclave, New Delhi in 2010



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 or 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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