

# Investors Presentation

## Speciality Films for Sustainable Packaging

Flexible Packaging | Lamination | Labeling | Synthetic Paper

November 2019

# Discussion Summary

---

- ❑ Company Overview
- ❑ India Demand-Supply Dynamics and Capacity Expansion
- ❑ Financials
- ❑ Key Focus Areas
- ❑ Corporate Governance & Management
- ❑ Corporate Social Responsibility

## 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 commodity and speciality 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

## 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.

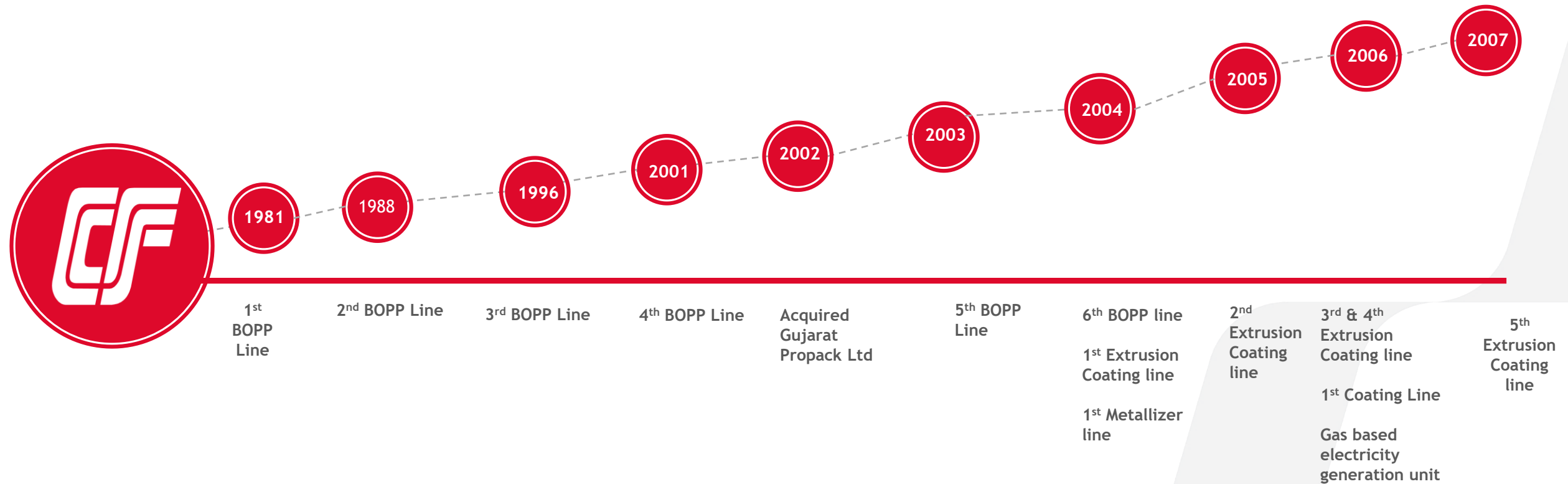
## Certification, Awards & Recognition

- ❑ 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.

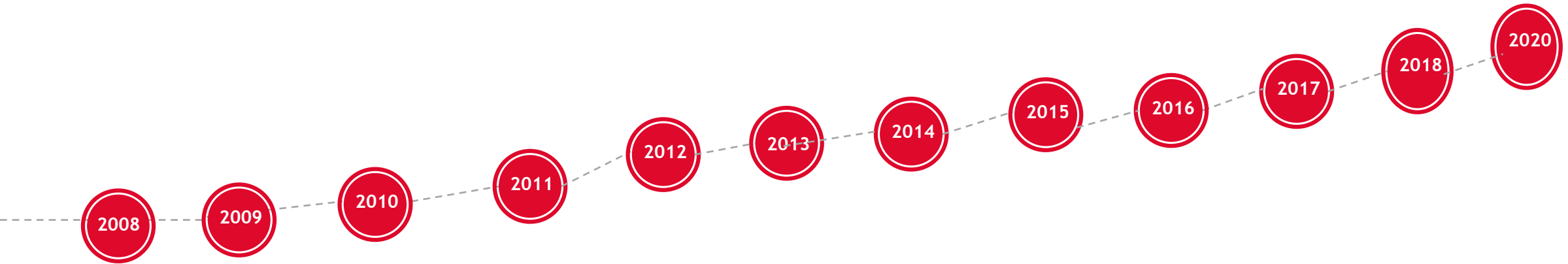


“To be the most preferred global brand offering value added oriented films for packaging, labels, lamination and industrial applications.”

# Company Overview - Milestones



# Company Overview - Milestones



6<sup>th</sup> & 7<sup>th</sup>  
Extrusion  
Coating line

Acquired GBC  
Commercial  
8<sup>th</sup> BOPP Line

2<sup>nd</sup>  
Metallizer  
Line

Korea  
Plant

2<sup>nd</sup> Coating  
Line

9<sup>th</sup> BOPP  
Line

3<sup>rd</sup>  
Coating  
line

4<sup>th</sup> & 5<sup>th</sup>  
Coating line

3<sup>rd</sup> Metallizer  
Line

Upgradation of  
US Plant

CPP  
Line-1

10<sup>th</sup> BOPP  
Line

4<sup>th</sup>  
Metallizer  
Line

CPP  
Line-2

6<sup>th</sup>  
Coating  
Line

# 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



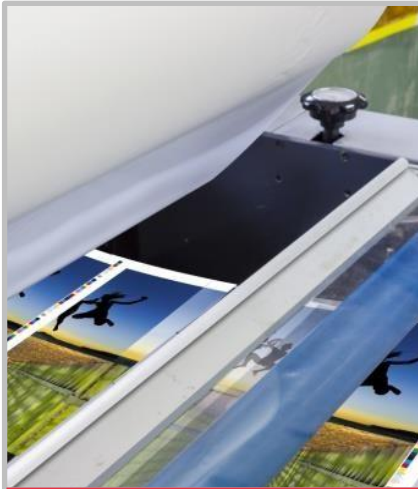
**VERSATILE IN NATURE**  
Additives Can Lead To  
Various Modifications  
& High Performance

# 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

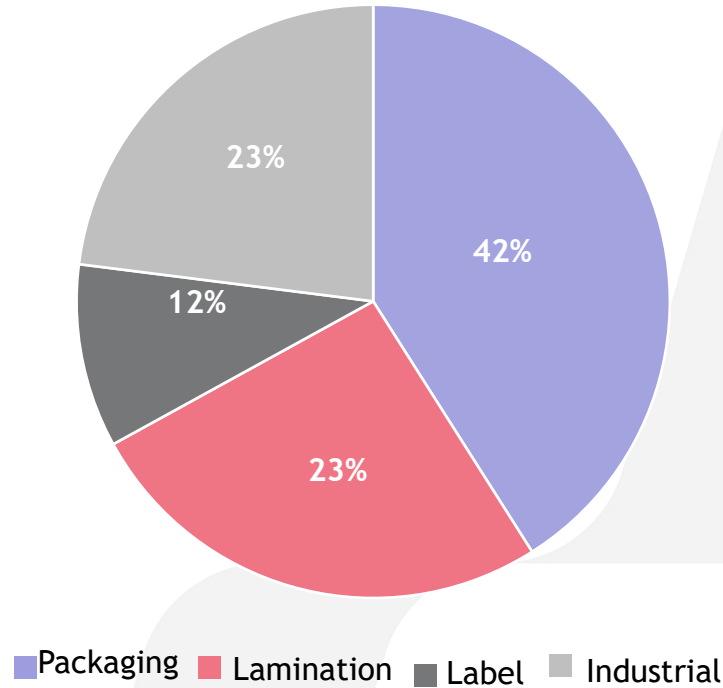
- Pressure Sensitive Label stock films
- Direct Thermal Printable films
- In-mould films
- Wrap Around label films



## INDUSTRIAL FILMS

- Synthetic paper
- Tape & Textile Films

## SALES REVENUE



Disclosure: All these are trademarks of respective Owners



# Key New Value Add Product launches in last few quarters



## High Barrier Heat Resistant Film

- Specifically designed for printing layer as a replacement of BOPET film in multilayer laminates. Ideal for packaging of oily snack food.

## High Metal Bond CPP Film

- High Metal Bonding resulting into good inter-layer bond strength

## Universal PET Lidding Film

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

## Metalized Velvet Film

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

## High Tear Resistant Synthetic Paper (CSP)

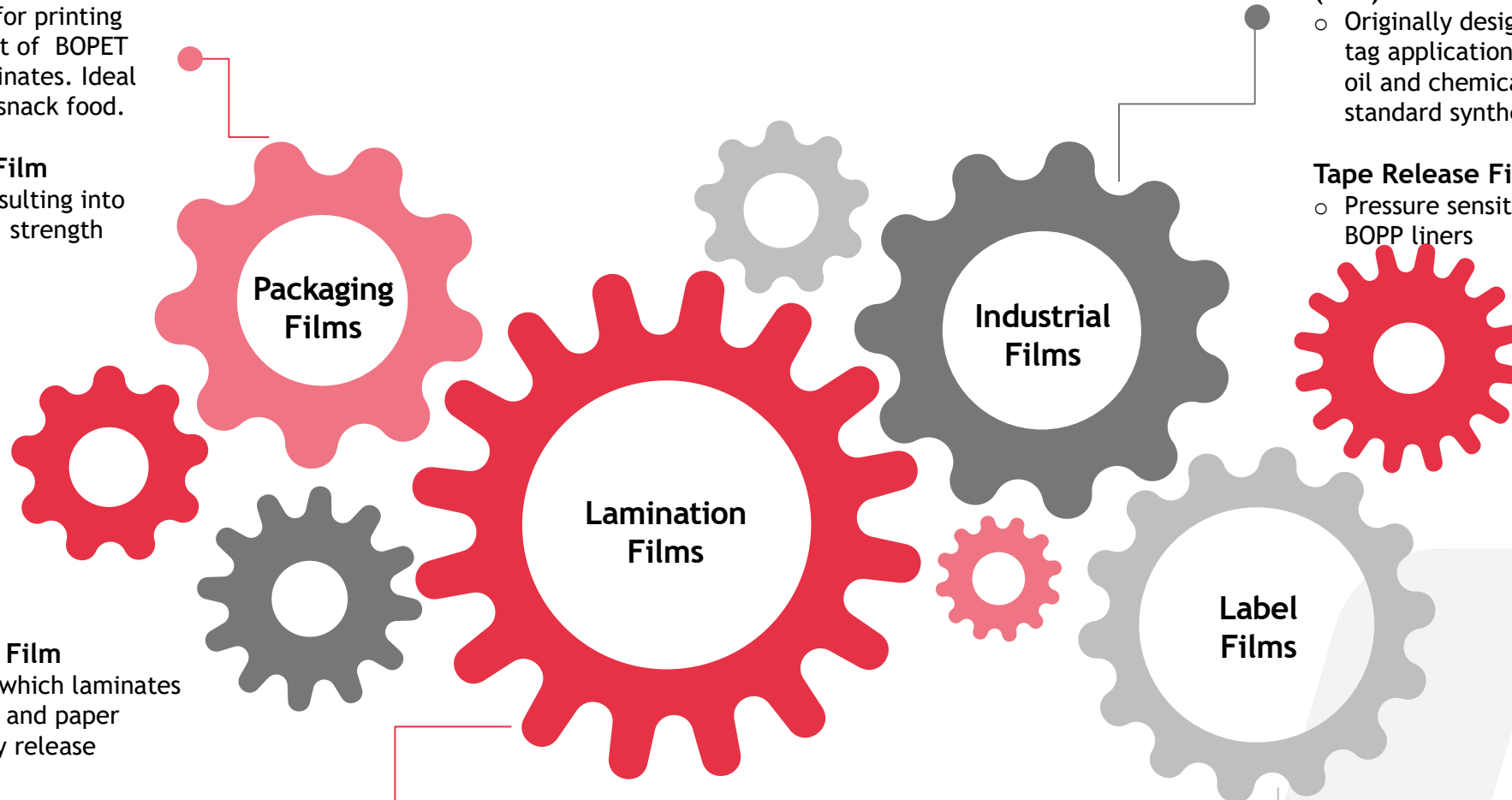
- Originally designed for high tear resistant tag applications. Also offers moisture, oil and chemical resistance just like standard synthetic paper.

## Tape Release Film

- Pressure sensitive tapes Release coated BOPP liners

## 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



# Manufacturing Footprint



		NUMBER OF LINES				
PLANTS		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			
	<b>TOTAL INSTALLED CAPACITY</b>	<b>1,96,000 TPA</b>	<b>40,000 TPA</b>	<b>20,000 TPA*</b>	<b>22,000 TPA</b>	<b>10,000 TPA</b>
FUTURE CAPACITY ADDITION						

\* New Coating capacity got commissioned in Q2, FY19-20.



Waluj, India



Shendra, India

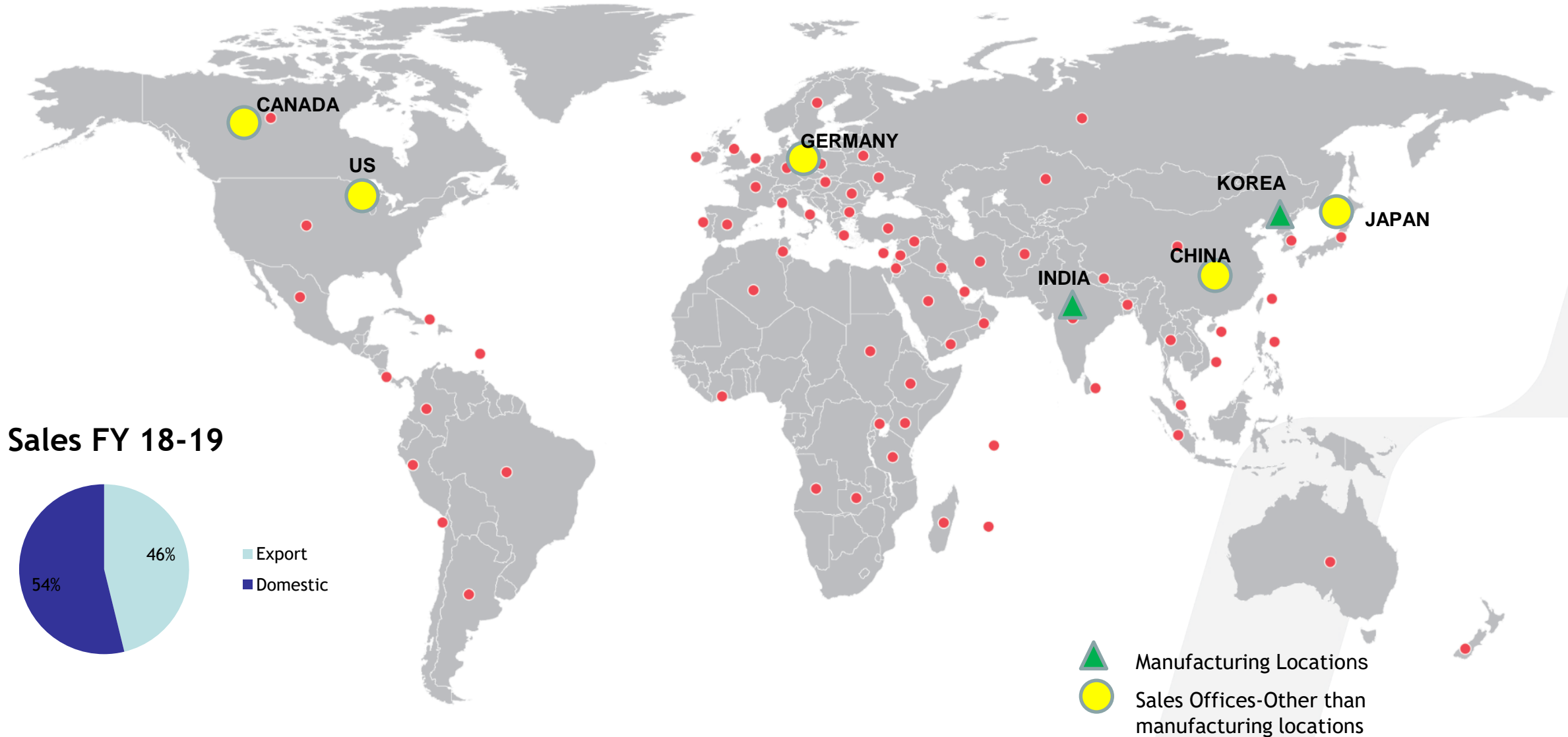


Karjan, India



Asan, Korea

# Company Overview - Customer Base



# Key Customers



Americk Packaging

Disclosure: All these are trademarks of respective Owners

# Some of the brands we service



Disclosure: All these are trademarks of respective Owners

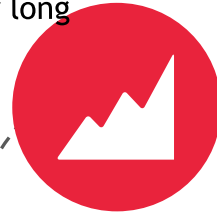
# India Demand-Supply Dynamics and Capacity Expansion



- ❑ Global BOPP demand is estimated to be approx 8 million MT per annum
- ❑ The global demand and supply are broadly balanced except China



- ❑ Currently India BOPP production capability is estimated at approx. 600k-620k MT per annum.
- ❑ India domestic BOPP consumption is approx. 430k-450k MT per annum and remaining is broadly exported.
- ❑ Indian BOPP Industry has been growing at almost double of the India's GDP growth rate over long term.



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.

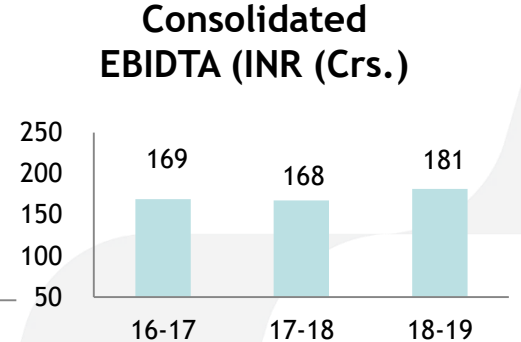
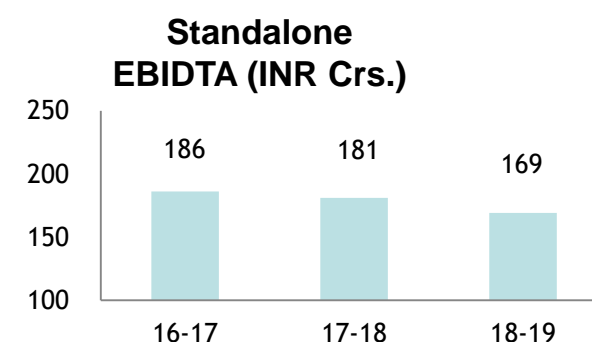
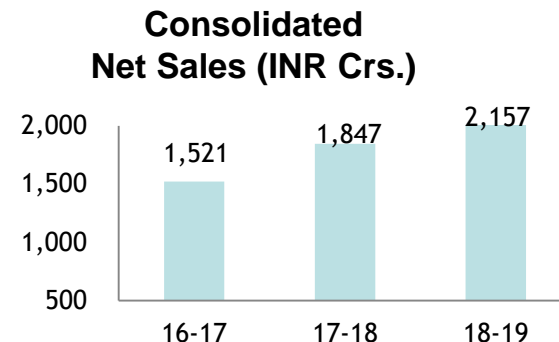
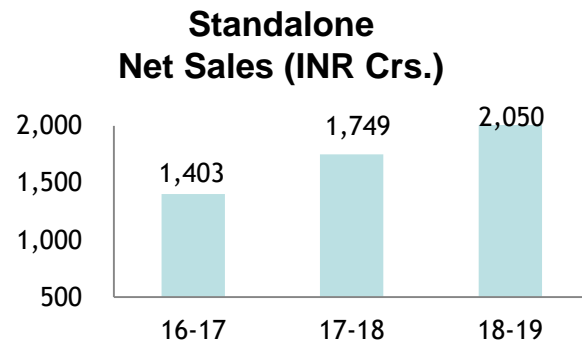


## India BOPP Demand & Supply Dynamics:

- ❑ 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	Audited FY 16-17		Audited FY 17-18		Audited FY 18-19	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	1,403	1,521	1,749	1,847	2,050	2,157
<b>EBIDTA</b>	<b>186</b>	<b>169</b>	<b>181</b>	<b>168</b>	<b>169</b>	<b>181</b>
<b>EBIDTA %</b>	<b>13%</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>
PBT	115	91	85	64	69	72
<b>PAT</b>	<b>108</b>	<b>85</b>	<b>85</b>	<b>64</b>	<b>58</b>	<b>61</b>
EPS	56	45	44	34	30	342
Book Value	297	295	332	323	363	355



✓ During FY 18-19, higher sales volume (up by 5%), sales growth in specialty and operational improvement at USA subsidiary resulted in higher EBITDA at Rs. 181 crores even though the domestic BOPP films margins were subdued in first three quarters. PAT in FY 18-19 came out to be marginally lower compared to FY 17-18 because there was zero tax incidence in FY 17-18 due to one-time tax adjustment.

✓ BOPP film margins, which has been running subdued in India domestic industry from last two years due to demand-supply mismatch, has witnessed improvement from Q4, FY18-19 which is continuing although yet to reach normalized level.

✓ Management focus shall continue to be on expanding specialty, full utilization of capacity and Internal efficiencies.

Particulars	INR Crores					
	Unaudited Q2 FY 19-20		Unaudited Q1 FY 19-20		Unaudited Q2 FY 18-19	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	514	556	508	541	517	531
<b>EBIDTA</b>	<b>59</b>	<b>65</b>	<b>55</b>	<b>61</b>	<b>41</b>	<b>43</b>
<b>EBIDTA %</b>	<b>12%</b>	<b>12%</b>	<b>11%</b>	<b>11%</b>	<b>8%</b>	<b>8%</b>
PBT	34	38	33	37	14	13
<b>PAT</b>	<b>25</b>	<b>29</b>	<b>24</b>	<b>28</b>	<b>10</b>	<b>10</b>
<b>EPS*</b>	<b>45</b>	<b>51</b>	<b>38</b>	<b>41</b>	<b>35</b>	<b>29</b>
Book Value	381	380	374	370	337	331

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

## Key Highlights - Q2, FY19-20 Results

Q2 FY20 net revenue increased 5% YOY mainly on the account of growth in sales volumes.

The company achieved its highest ever EBITDA of Rs. 64.5 crores during the quarter. Higher speciality sales (up 14%), increased sales volumes by 5% (better assets utilization), improvement in US operations and better BOPP film margins contributed to an improved EBITDA.

Company would continue with strategy to focus on high end speciality films sale and recyclable structures. BOPP films margins looks stable at the current level.



# Financials - Key Ratios



Particulars	Audited FY 17-18		Audited FY 18-19	
	Standalone	Consolidated	Standalone	Consolidated
ROE (%) *	14%	11%	9%	9%
ROCE (%) *	10%	9%	8%	9%
Net Worth (INR Crores)	637	620	695	680
Net Debt (INR Crores)	617	681	588	643
Net Debt/Equity Ratio (times)	1.0	1.1	0.9	1.0
Asset Turnover Ratio (times)*	2.2	2.4	2.0	2.1
Dividend per share (INR)	6.0		6.0	
Net Debt/EBITDA (times)*	3.4	4.1	3.5	3.5

✓ BOPP film margins, which has been running subdued in India domestic industry from last two years due to demand-supply mismatch, has witnessed improvement during Q4, FY18-19 although yet to reach normalized level. This has caused drop in ROE temporarily.

✓ During FY 18-19, higher sales volume (up by 5%), sales growth in specialty and operational improvement at USA subsidiary resulted in higher EBITDA at Rs. 181.4 crores even though the domestic BOPP films margins were subdued in first three quarters. PAT in FY 18-19 came out to be marginally lower compared to FY 17-18 because there was zero tax incidence in FY 17-18 due to one-time tax adjustment.

✓ Management focus shall continue to be on expanding specialty, full utilization of capacity and Internal efficiencies.

# Key Focus Areas



## Product Mix

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

## Operational Efficiencies

Continuous focus on improving Internal Operational Efficiencies including overseas operations.

## Sustainability & Innovation Focus

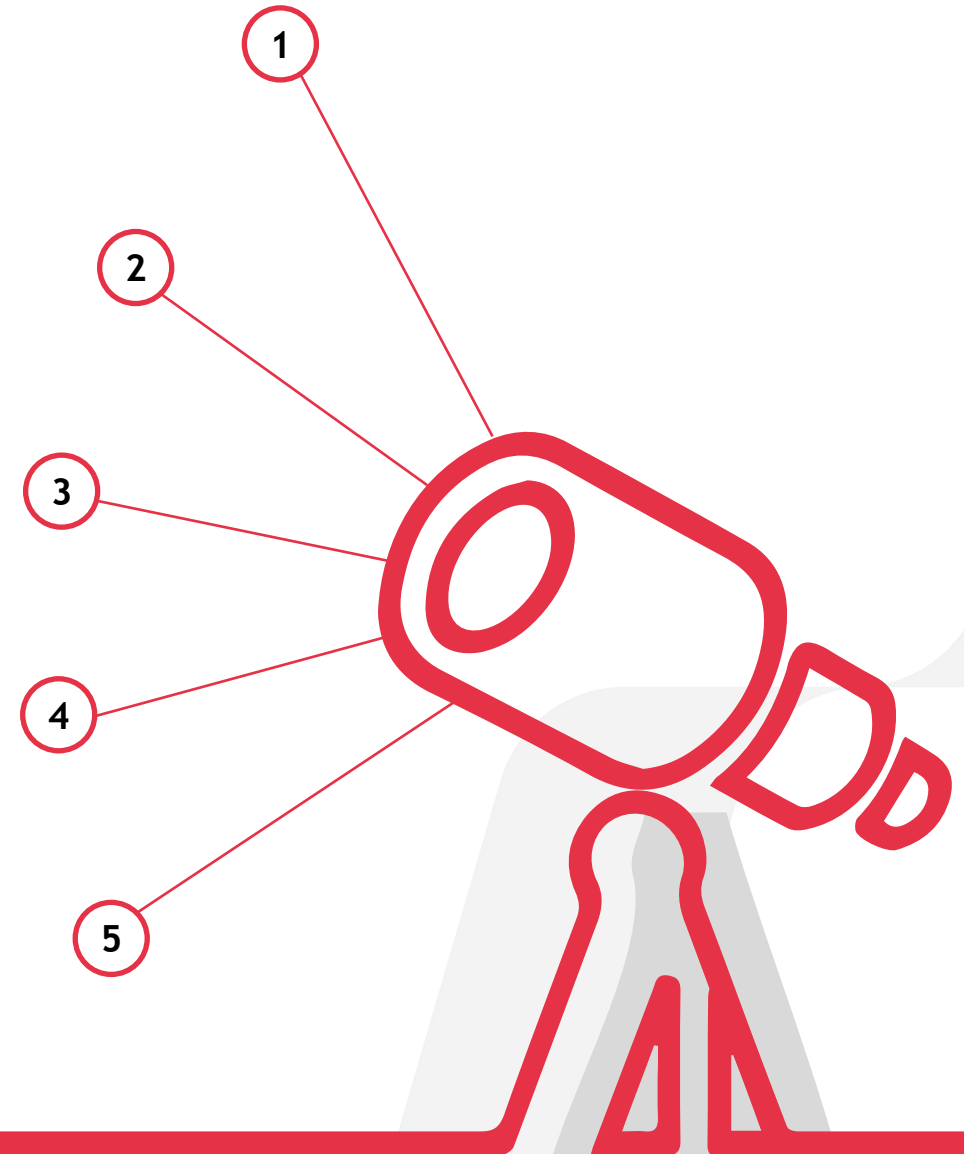
More & more green practices in manufacturing, more films enabling circular economy. Innovation led products.

## Customer Centric

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

## Capacity Expansion

Further Capacity expansion is planned mainly in Value Add segment during FY19-20.



## Focus on Innovation led Products

- Solutions for recyclable laminates
- BOPET Replacement by BOPP Films
  - Heat Resistant Film
  - Transparent Heat Resistant Barrier Film
- Synthetic Paper- durable alternative to pulp based paper
- Transparent BOPP Barrier Films- overwrap or single layer packaging
- Metalized BOPP Barrier Films
  - High Moisture Barrier (HMB)
  - High Speed Barrier with High Hot Tack (HSB)
  - Ultra High Barrier (UHB)
- Metalized CPP Barrier Film
- Low Temp. Seal (LTS) Films for High Speed Operations
- Metalized CPP Film with Ultra High Metal Bond Strength
- Universal Lidding Films

## Focus on Sustainability

- Films Enabling circular economy
- ISO 14001 & BRC global standards
- 100% water based coatings
- Oxo-biodegradable films
- Down gauging
- Water Recycling
- Rain water harvesting



# Customer Centricity to become Global preferred Player



# Some Recent Awards



Cosmo Films' Waluj plant bagged the second position in the CII National Excellence Award 2019 for 5S in October 2019



Honored with the "CEO With HR Orientation" by Zee Business and World HRD Congress in September 2019



Best Employer Award at the 14th Aurangabad Employer Branding Awards in August 2019



Aurangabad Manufacturing Leadership Award by the World Quality Congress in September 2019

# 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.



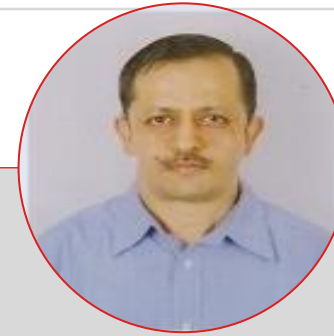
**Mr. A. K. Jain**  
Whole Time Director

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**  
Non Executive Non  
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.



**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.



**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 DisordersII, published by Jaypee brothers in 2014. He is acting as Director & Head - Department of Pulmonology, Medical ICU and Sleep Medicine, Fortis Ft. 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 Ft. Lt. Rajan Dhall Hospital- New Delhi.



**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.



**Mr. Pankaj Poddar**  
Chief Executive Officer

Mr. Pankaj Poddar's career spans over a period of more than 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 Financell. 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 20 years of experience in finance, business planning and 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.

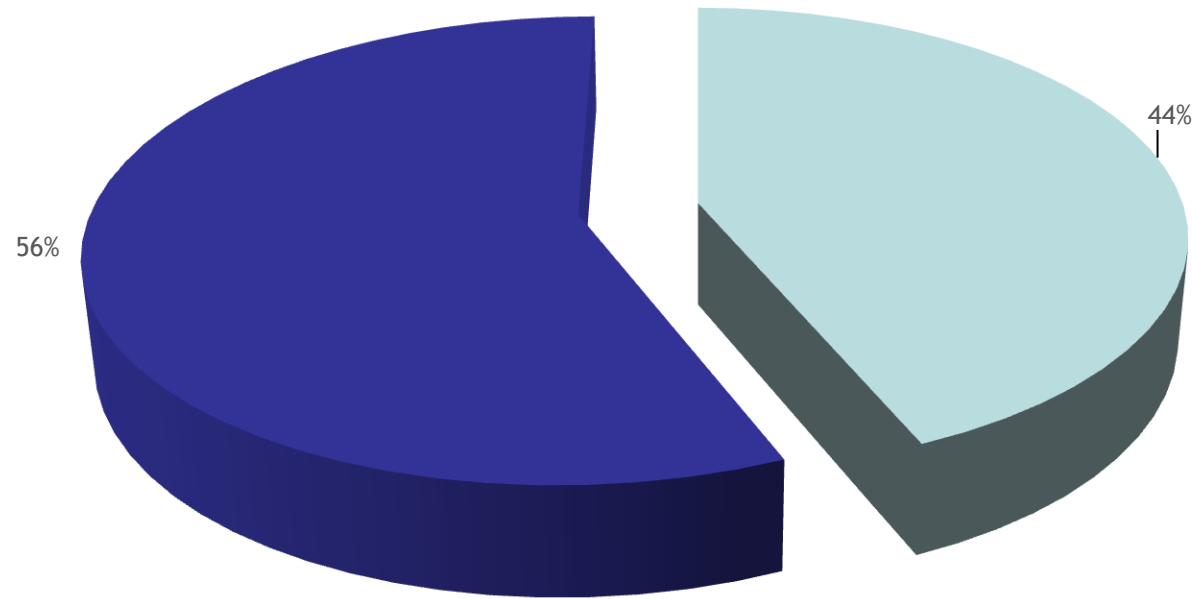


**Mr. Sanjay Chincholikar**  
Head- Operations (India Films Business)

Mr. Sanjay Chincholikar's career spans over 31 years 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.



Shareholding Pattern (%age)



■ Promoter Shareholding\*

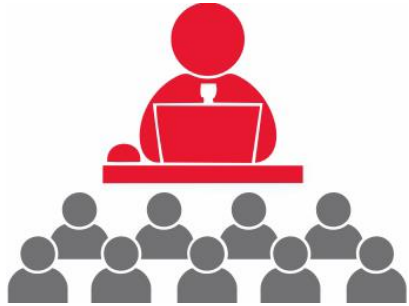
■ Non-Promoter Shareholding\*

Top Non-Promoter Shareholders\*:

1. Mr. Anil Kumar Goel	3.1%
2. M/s Cosmo Films ESOP 2015 Trust	1.4%
3. ICICI Bank Limited	1.0%
4. Aequitas Equity Scheme-I	0.9%
5. Principal Small Cap Fund	0.7%
6. Government of the Province of Alberta	0.6%
7. Narippen Obhrai	0.6%
8. M.G. Shares & Stocks Pvt Ltd.	0.5%
9. LSV Global Concentrated Value Fund	0.4%

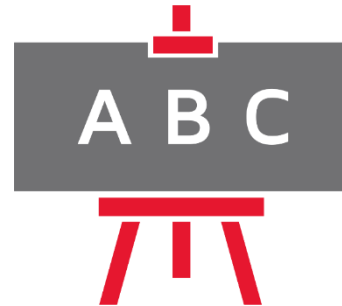
\* As at September 30th, 2019

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



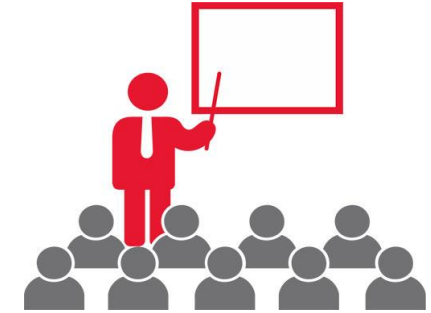
### Computer Literacy Program

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 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)