



## Speciality Films for Sustainable Packaging

Flexible Packaging | Lamination | Labeling | Synthetic Paper

November 2018



## Discussion Summary

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- Company Overview
- India Demand-Supply Dynamics and Capacity Expansion
- Financials
- Key Focus Areas
- Corporate Governance & Management
- 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 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: 10K 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)
- ❑ 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 - 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

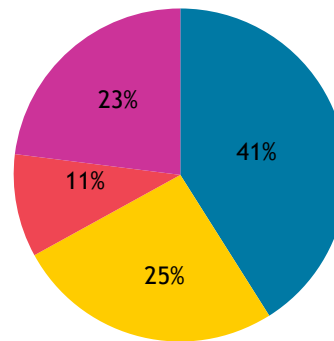
1. Print & Pouching Films
2. Barrier Films
3. Overwrap Films
4. Lidding Films



## LAMINATION FILMS

1. Standard Range (Thermal Lamination & Wet Lamination)
2. Special Application Lamination Films
3. Premium 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



# Key New Value Add Product launches in last few quarters



## PACKAGING FILMS

### 1 BOPP Conduction Sealing Film

Suitable for sterilization process which increases shelf life of products specially for Dairy industry

### 2 High Metal Bond CPP Film

High Metal Bonding resulting into good inter-layer bond strength

### 3 BOPP Films for SOAP Wrapping

Enhances moisture barrier which help to maintains consistent SOAP weight for longer time.

## LABEL FILMS

### 1 Metalized Label Film

Mirror Finish Glossy film which can be printed with high speed flexo printing machine.

## LAMINATION FILMS

### 1 Universal PET Lidding Film

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

### 2 Black & Metalized 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 Cosmo Synthetic Papers (CSP)

With enhanced features such as quick drying (Labels, Tags, Maps, ID Card, Tickets for adventure parks etc.)

### 2 Tape Release Film

Pressure sensitive tapes  
Release coated BOPP liners

# 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	4 Lines	1 Line	1 Line*	
	Asan, Korea		1 Line			
	Hagerstown, US		1 Line			
	<b>TOTAL INSTALLED CAPACITY</b>	<b>1,96,000 TPA</b>	<b>40,000 TPA</b>	<b>10,000 TPA</b>	<b>22,000 TPA</b>	<b>10,000 TPA</b>
<b>FUTURE CAPACITY ADDITION</b>						

\* New capacities added in Q4, FY17-18 beside a lamination machine which can produce multilayer laminated film in thickness as high as 450 micron.

Waluj, India



Shendra, India



Karjan, India



Asan, Korea

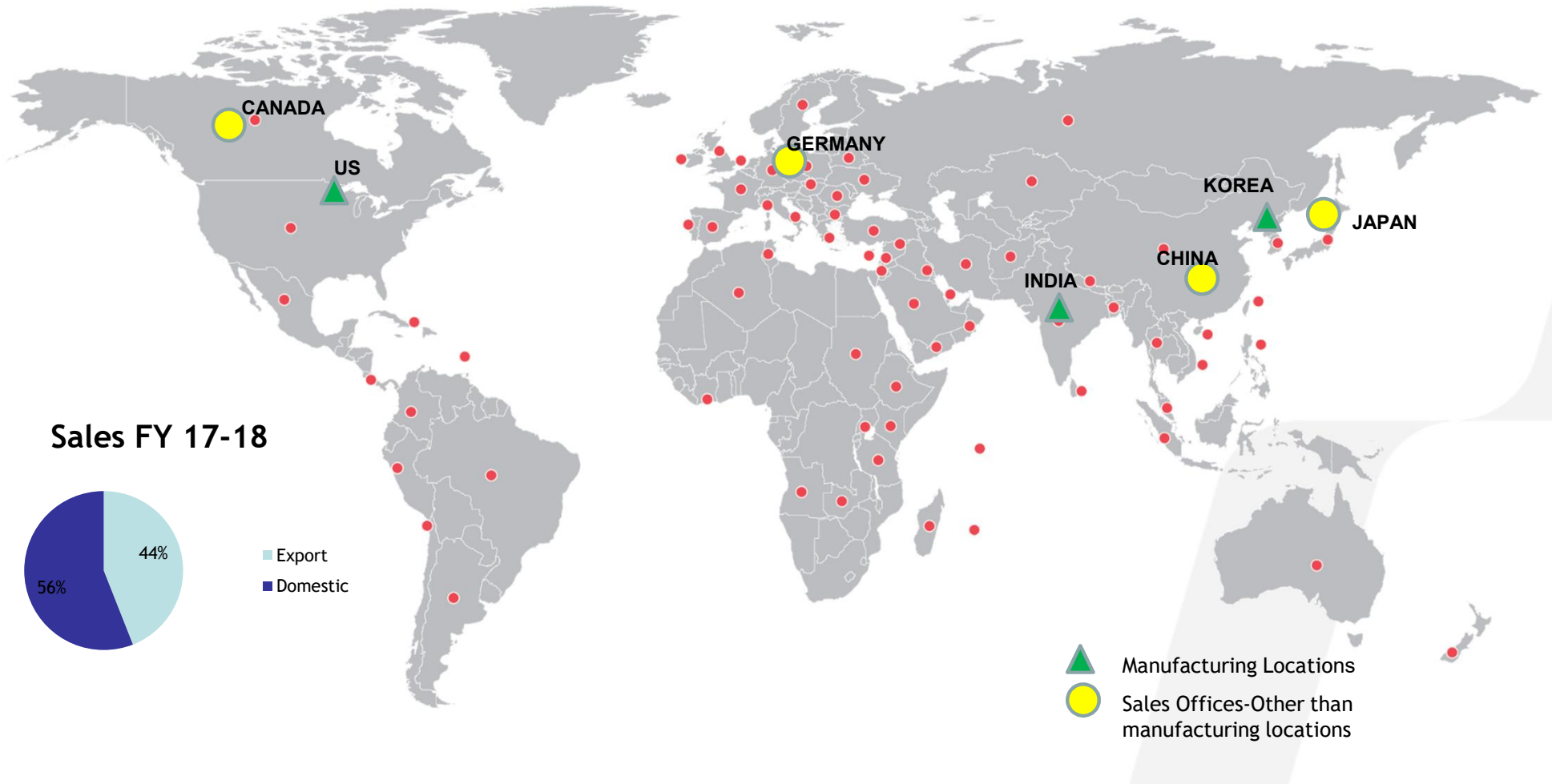


Hagerstown, US





# Company Overview - Customer Base



# Key Customers



Disclosure: All these are trademarks of respective Owners

# Some of the brands we service



Disclosure: All these are trademarks of respective Owners

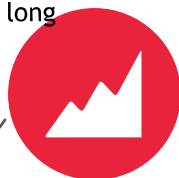
# India Demand-Supply Dynamics and Capacity Expansion



- ❑ 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 MT per annum.
- ❑ India domestic BOPP consumption is approx. 430k-440k 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

# Financials



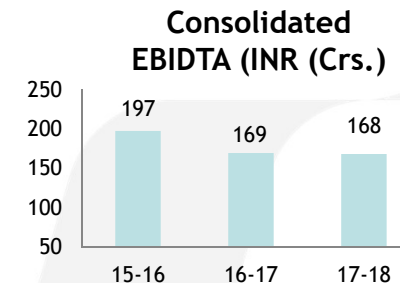
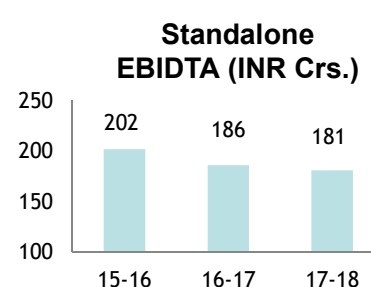
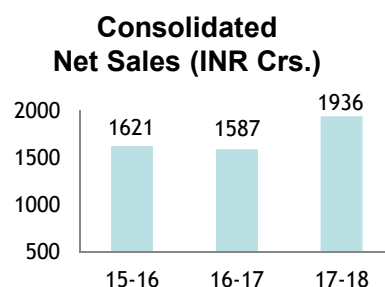
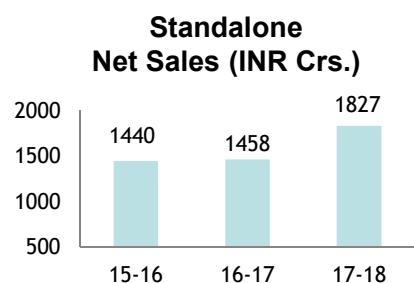
INR Crores

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 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

Audited FY 16-17	
Standalone	Consolidated
1,458	1,587
<b>186</b>	<b>169</b>
<b>13%</b>	<b>11%</b>
115	91
-	-
115	91
<b>108</b>	<b>85</b>
56	45
297	295

Audited FY 17-18	
Standalone	Consolidated
1,827	1,936
<b>181</b>	<b>168</b>
<b>10%</b>	<b>9%</b>
85	64
-	-
85	64
<b>85</b>	<b>64</b>
44	34
328	319



✓ FY 17-18 , sales volume grew by 25% with 20% growth in Specialty films. While BOPP film margins continued to be volatile and wiped out gains of volume increase and better product mix, company's continuous focus on improving operational efficiencies helped in maintaining EBIDTA level.

✓ PAT and EPS for FY 17-18 dropped primarily due to higher interest and depreciation of the new BOPP line commissioned last year.

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

## Financials Contd ..



Particulars	INR Crores					
	Unaudited Q2 FY 18-19		Unaudited Q1 FY 18-19		Unaudited Q2 FY 17-18	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	517	531	476	518	442	467
<b>EBIDTA</b>	<b>41</b>	<b>43</b>	<b>41</b>	<b>43</b>	<b>56</b>	<b>**54</b>
<b>EBIDTA %</b>	<b>8%</b>	<b>8%</b>	<b>9%</b>	<b>8%</b>	<b>13%</b>	<b>12%</b>
PBT	14	13	14	14	30	**26
<b>PAT</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>25</b>	<b>**20</b>
<b>EPS*</b>	<b>35</b>	<b>29</b>	<b>42</b>	<b>34</b>	<b>49</b>	<b>40</b>
Book Value	337	331	341	328	333	310

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

\*\* Includes INR 12.2 crores one time gain on account of re-computation of sales tax exemption benefit related to previous years.

### Key Highlights - Q2, FY18-19 Results

During Q2, FY19 consolidated net revenue increased by 14% YOY due to partial pass through of increase in raw material prices, increase in sales volume and better sales mix. Domestic commodity film margins declined further on Y-o-Y basis, the Company could however, maintain EBITDA (excluding one-time item) primarily from enhanced operational efficiencies, better sales mix and tax incentives on new investment. Though predictions cannot be made on domestic commodity margins, demand and supply is expected to balance out over next 3-4 Quarters. The improvement in overseas subsidiaries operations is encouraging. Overseas subsidiaries have posted INR 2.5 crores EBITDA.

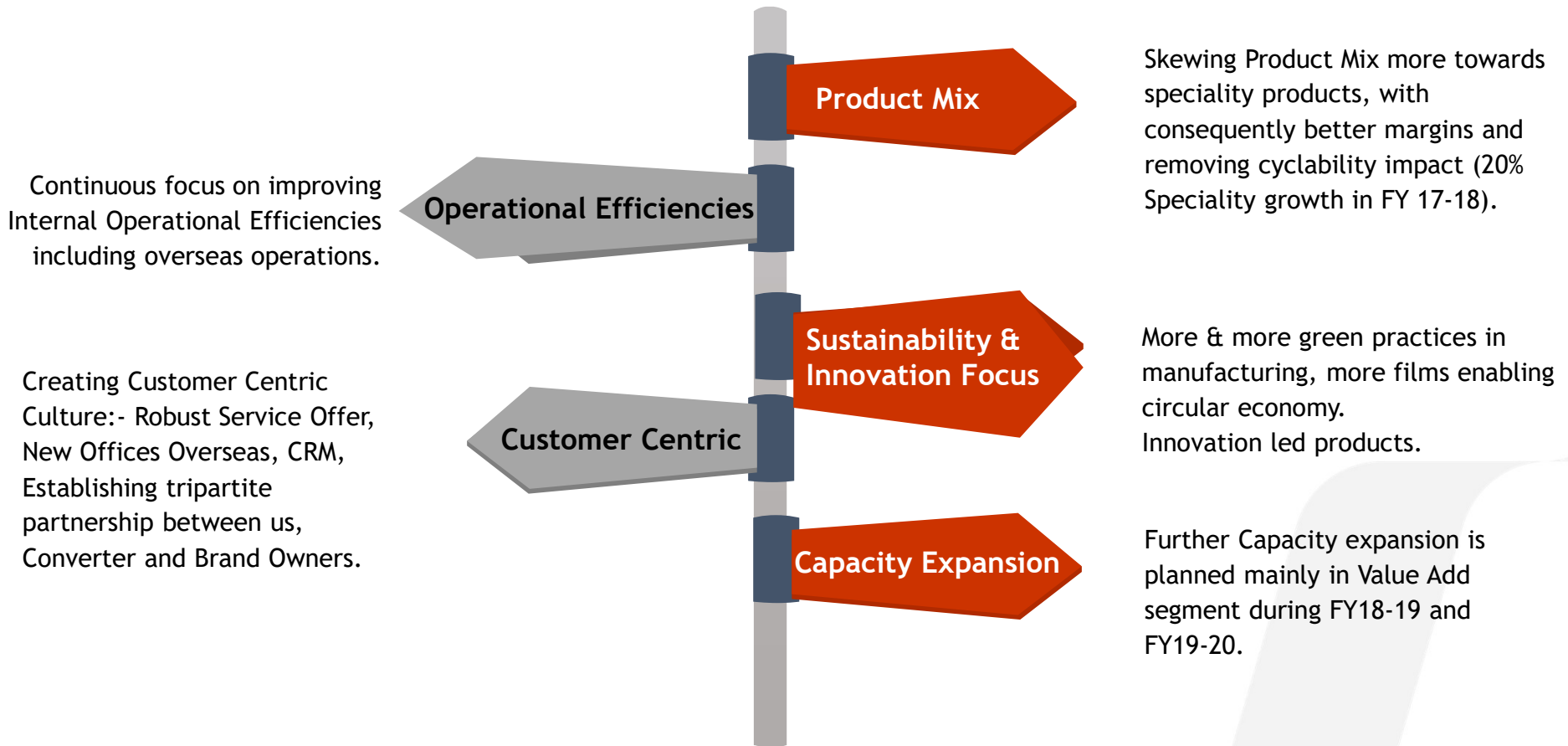
## Financials - Key Ratios



Particulars	Audited FY 16-17		Audited FY 17-18	
	Standalone	Consolidated	Standalone	Consolidated
ROE (%) *	21%	16%	14%	11%
ROCE (%) *	13%	11%	10%	9%
Net Worth (INR Crores)	577	573	637	620
Net Debt (INR Crores)	586	594	617	681
Net Debt/Equity Ratio (times)	1.0	1.0	1.0	1.1
Asset Turnover Ratio (times)*	2.6	2.9	2.2	2.4
Dividend per share (INR)	10.0		6.0	
Net Debt/EBITDA (times)*	3.2	3.5	3.4	4.1

- ✓ FY 17-18 , sales volume grew by 25% along with 20% growth in Specialty films however BOPP film margins continued to be volatile and wiped out gains of volume increase and better product mix. The Company has completed capex on BOPP Line which got commissioned in Q4, FY16-17. This caused temporarily lower ROE and ROCE and some increase in debt level.
- ✓ Management focus shall continue to be on de-commoditizing the business model, expanding specialty and full utilization of capacity.

# Key Focus Areas





# Innovation and Sustainability



## Focus on Innovation led Products

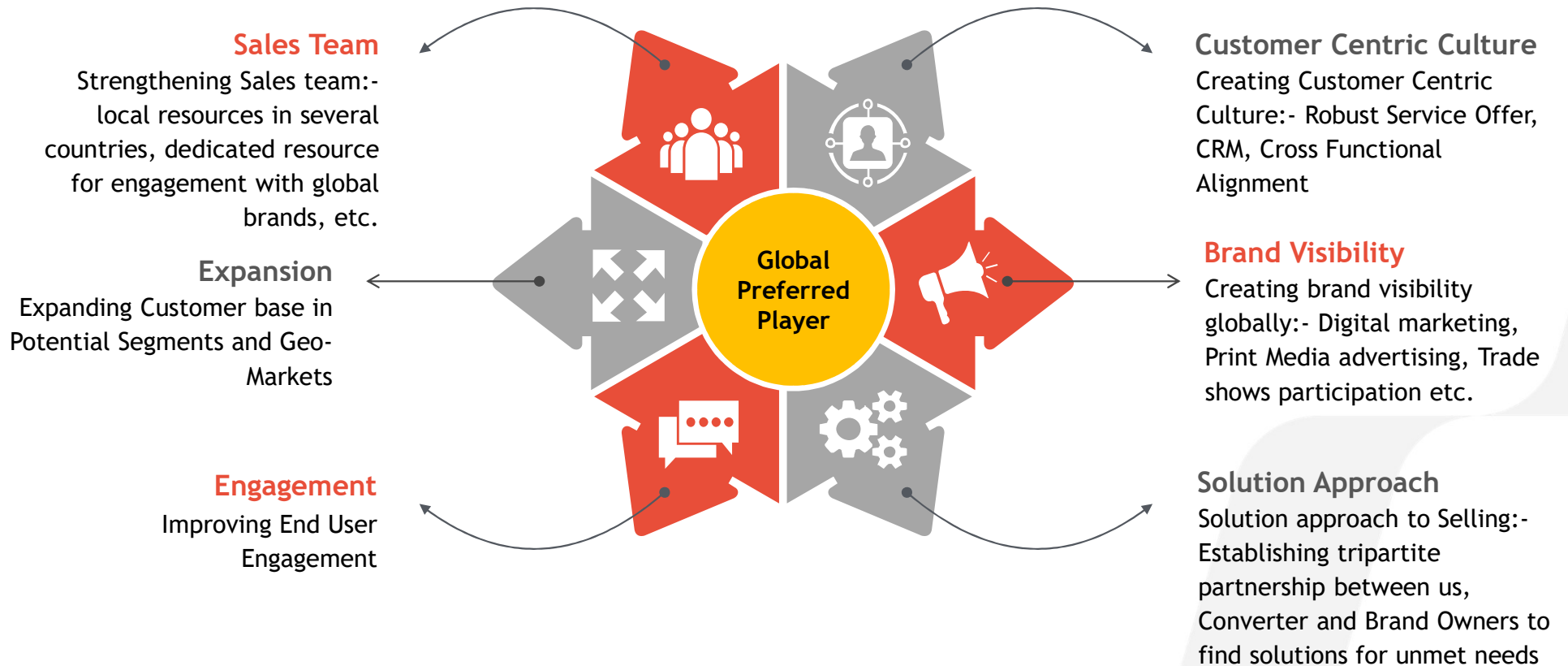
- Solutions for recyclable laminates
- BOPET Replacement BOPP Films
  - Heat Resistant Film
  - Transparent Heat Resistant Barrier Film
- Transparent BOPP Barrier Films- overwrap or single layer packaging
- Metalized BOPP Barrier Films
  - High Moisture Barrier (HMB)
  - High Speed Barrier with High 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
- Synthetic Paper- durable alternative to pulp based paper

## 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



# 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.



## Corporate Governance - Board of Directors (Contd..)



- **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 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.



# Senior Management



- **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 19 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 on different leadership roles before joining Cosmo Films.



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

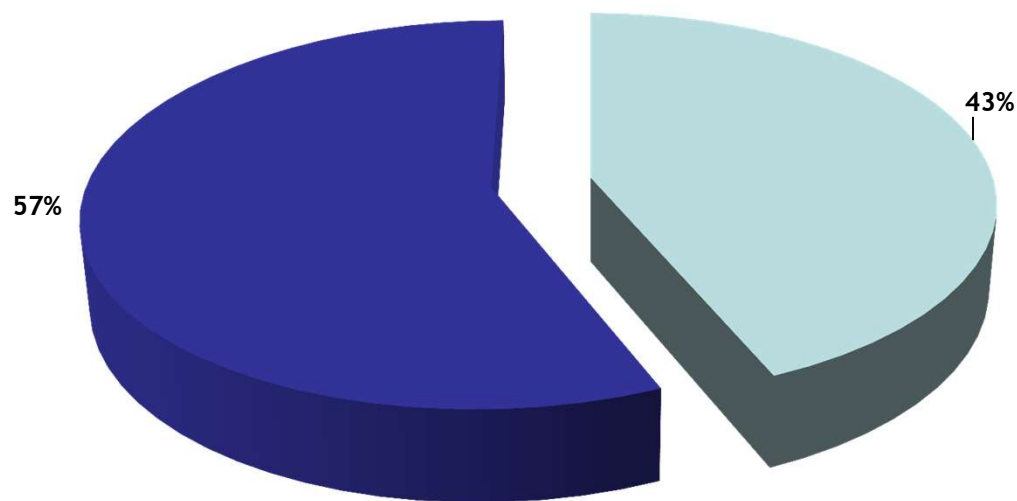
Mr. Sanjay Chincholikar's career spans over 31 years in the field of manufacturing, engineering, projects, quality control, application and business development, sales and marketing and various leadership as well as management roles. In his current role, he heads Operations of India Films Business and is responsible for Manufacturing, Engineering, Research & Development, Quality Assurance and Technical Services Function. He has been associated with the company since 1987. Before joining Cosmo Films, Sanjay has worked with Lupin Laboratories as Project Engineer. 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



Shareholding Pattern (%age)



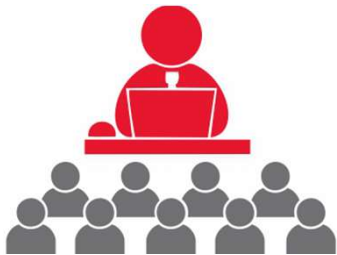
- Promoter Shareholding\*
- Non-Promoter Shareholding\*

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	0.8%
4. Mr. Kapil Kumar Wadhawan	0.8%
5. Government of the Province of Alberta	0.6%
6. Nirmal Bang Securities Pvt. Ltd.	0.5%
7. Narippen Obhrai	0.5%
8. Ensign Peak Advisors, Inc.	0.4%

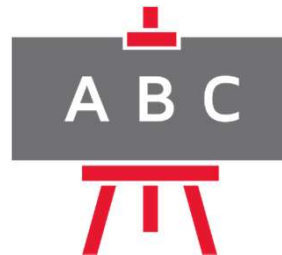
\* As at September 30th, 2018

## Some of the Flagship Programs



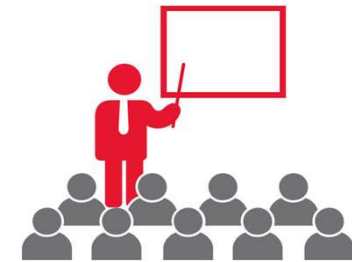
### Computer Literacy Program

Covers 1800 students from class I to XII every year



### Basic English Learning Program

Implementation in 8 primary schools with 550 students



### Cosmo Gyan Vihar Kendra

Identifies, enrolls and grades 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



## 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)