

Specialty Solution for Packaging

LAMINATION | LABELS | OVERWRAPS | PACKAGING PRINTING | POUCHING

May 2017

Discussion Summary

- ❑ Company Overview
- ❑ Demand-Supply Dynamics and Capacity Expansion
- ❑ Financials
- ❑ Focus Areas for EBIDTA Improvement
- ❑ 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

Strong Export Footprints

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

Strong Financials

- ❑ Continuous growth and profitability track record

Corporate Governance & Professional Management

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

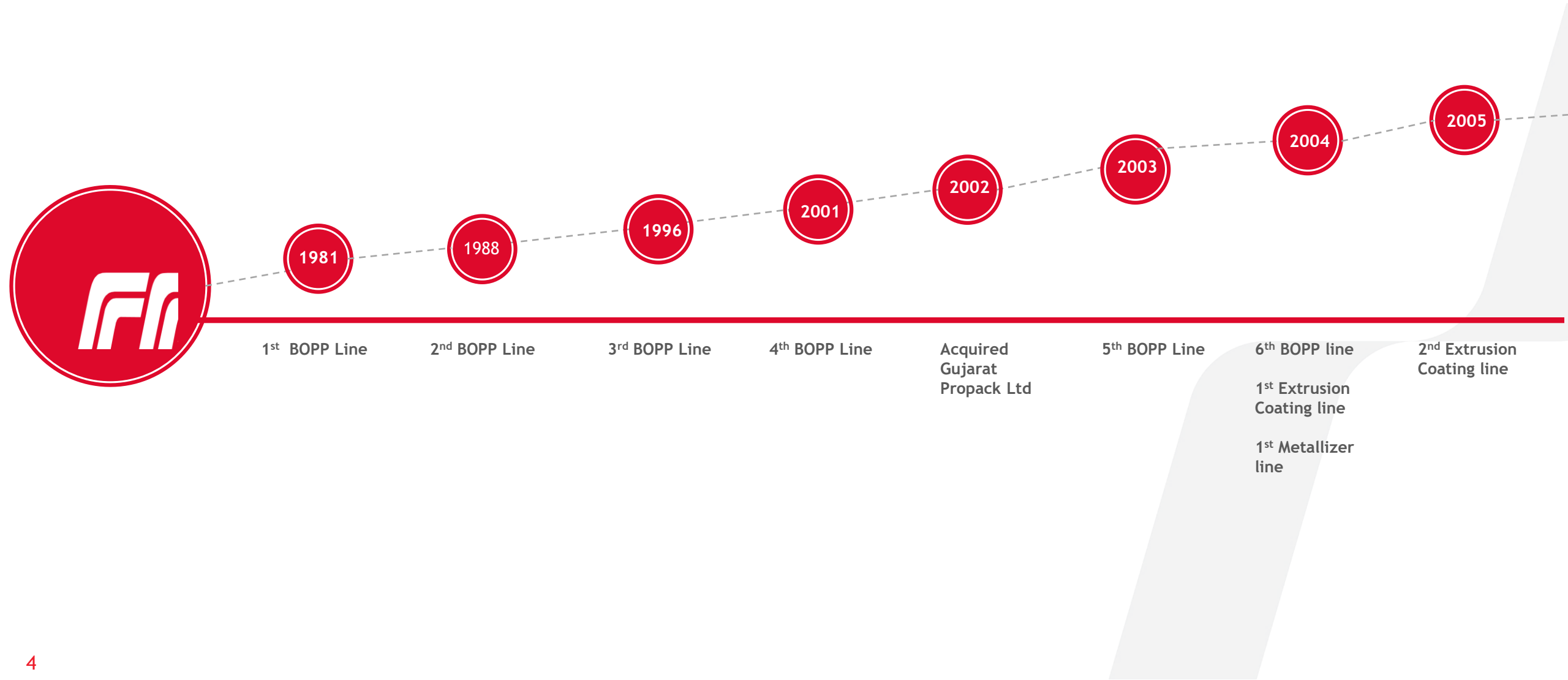
Strong R&D Focus

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

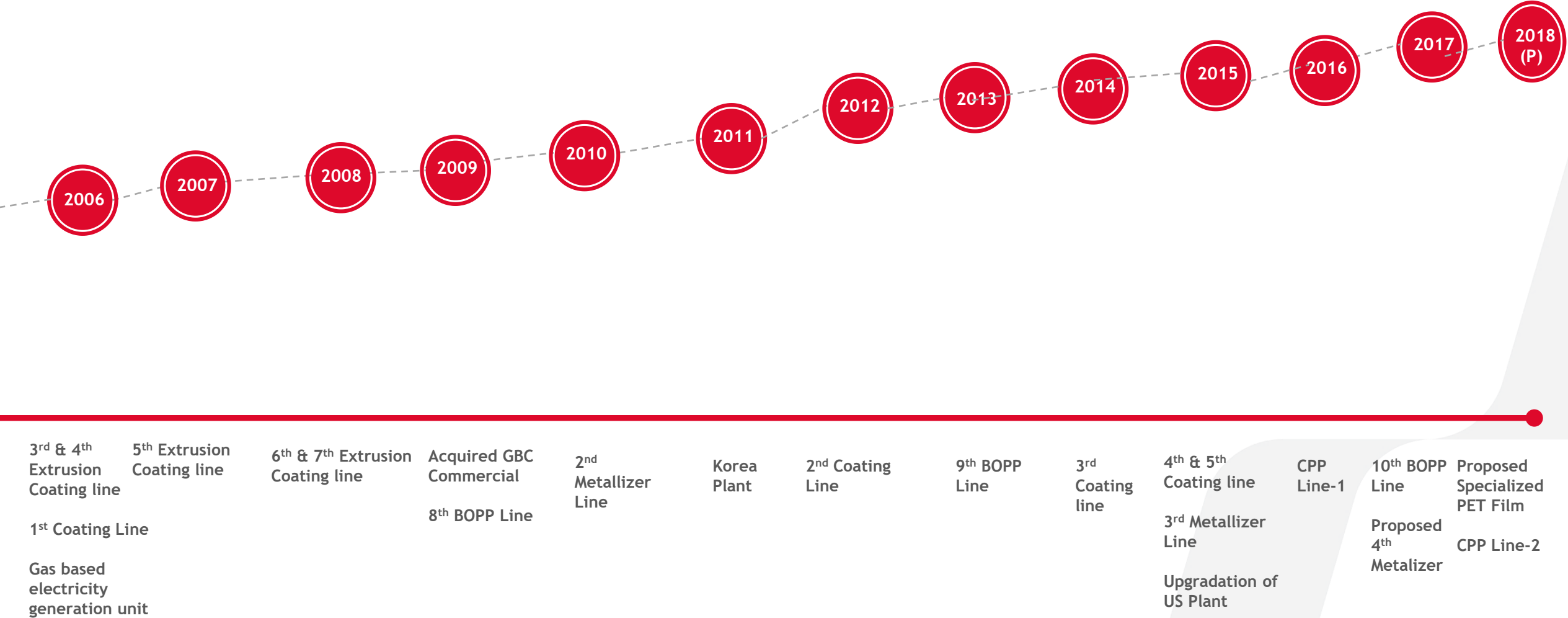
Certification, Awards & Recognition

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

Company Overview - Milestones



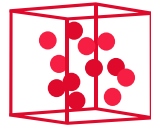
Company Overview - Milestones





EXCELLENT CLARITY

BETTER AESTHETICS
HIGH GLOSS



LOWEST DENSITY

HIGHER YIELD



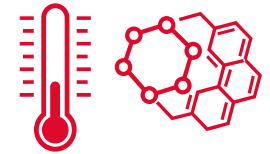
BARRIER TO MOISTURE

BETTER SHELF LIFE
GUARD SENSITIVE
PRODUCTS



CHEMICALLY INERT

SUITABLE FOR FOOD &
PHARMA



LOW MELTING POINT & MOLECULAR WEIGHT

FULLY RECYCLABLE

Company Overview - Product Portfolio



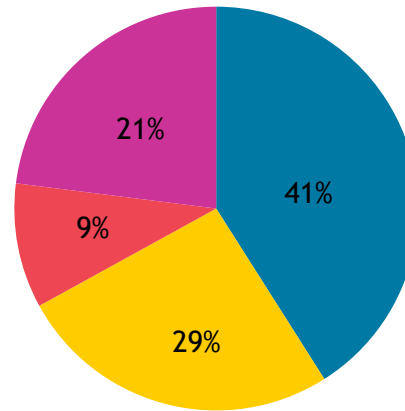
PACKAGING FILMS

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

LAMINATION FILMS

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

SALES REVENUE



LABEL FILMS

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

INDUSTRIAL FILMS

1. Synthetic paper
2. Tape & Textile Films



- Packaging
- Lamination
- Label
- Industrial



New Product launches in last few quarters (strong pipeline for Value Add Films)



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

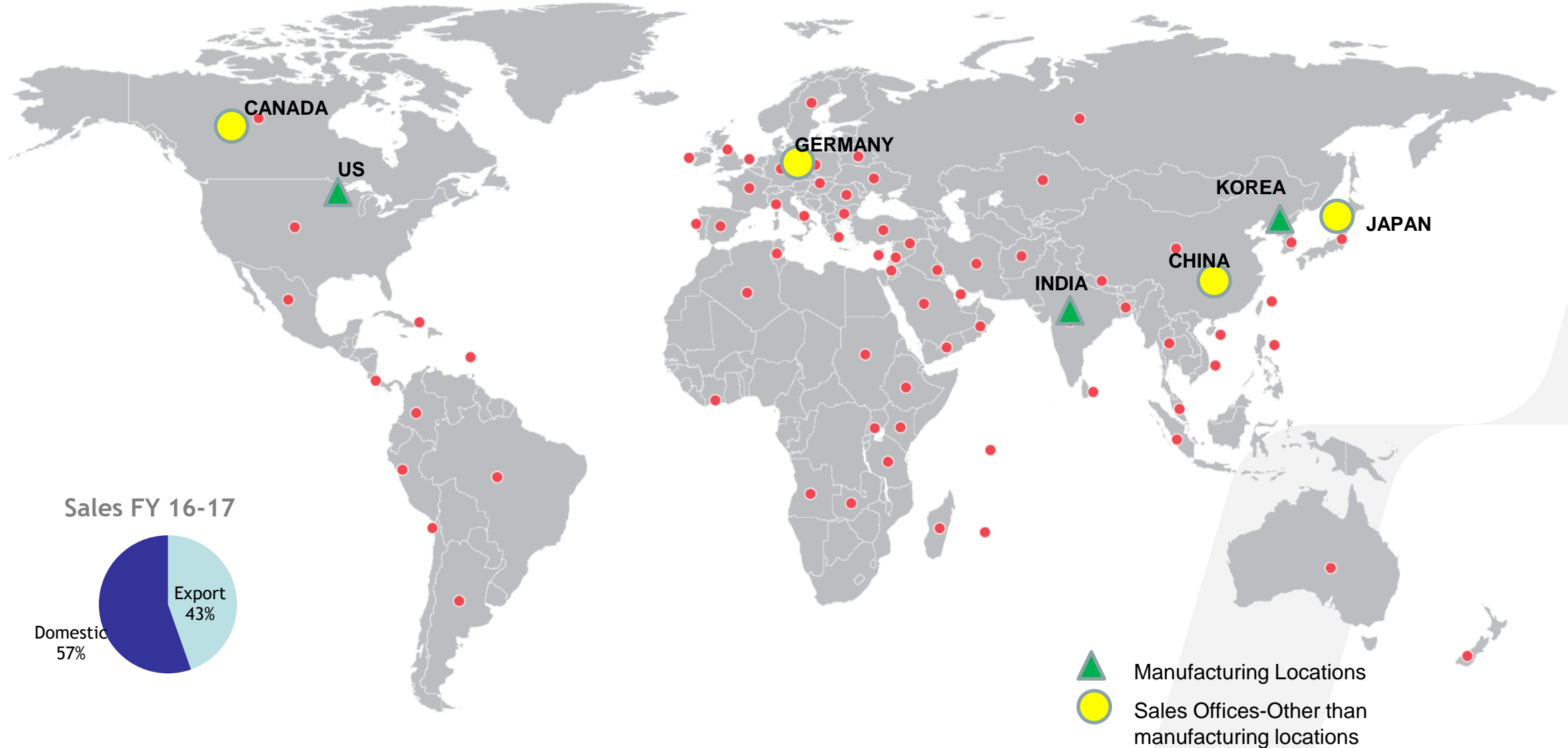


Number of lines						
Plants		BOPP	Thermal	Coating	Metalizing	CPP
	Waluj, Aurangabad, India	5 Lines	3 Lines	2 Lines	1 Line	1 Line
	Karjan, Vadodara, India	3 Lines*	2 Lines	2 Lines	1 Line	
	Shendra, Aurangabad, India	1 Line	3 Lines	1 Line	1 Line	
	Korea, Choongnam		1 Line			
	USA , Hagerstown		1 Line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

*Including recent commencement of 10.4 meter wide 60k MT annual capacity in early Feb 2017, which is expected to contribute substantial growth in sales and profit from FY 2017-18 onwards.



Company Overview - Customer Base



Company Overview - Customers: A Glimpse



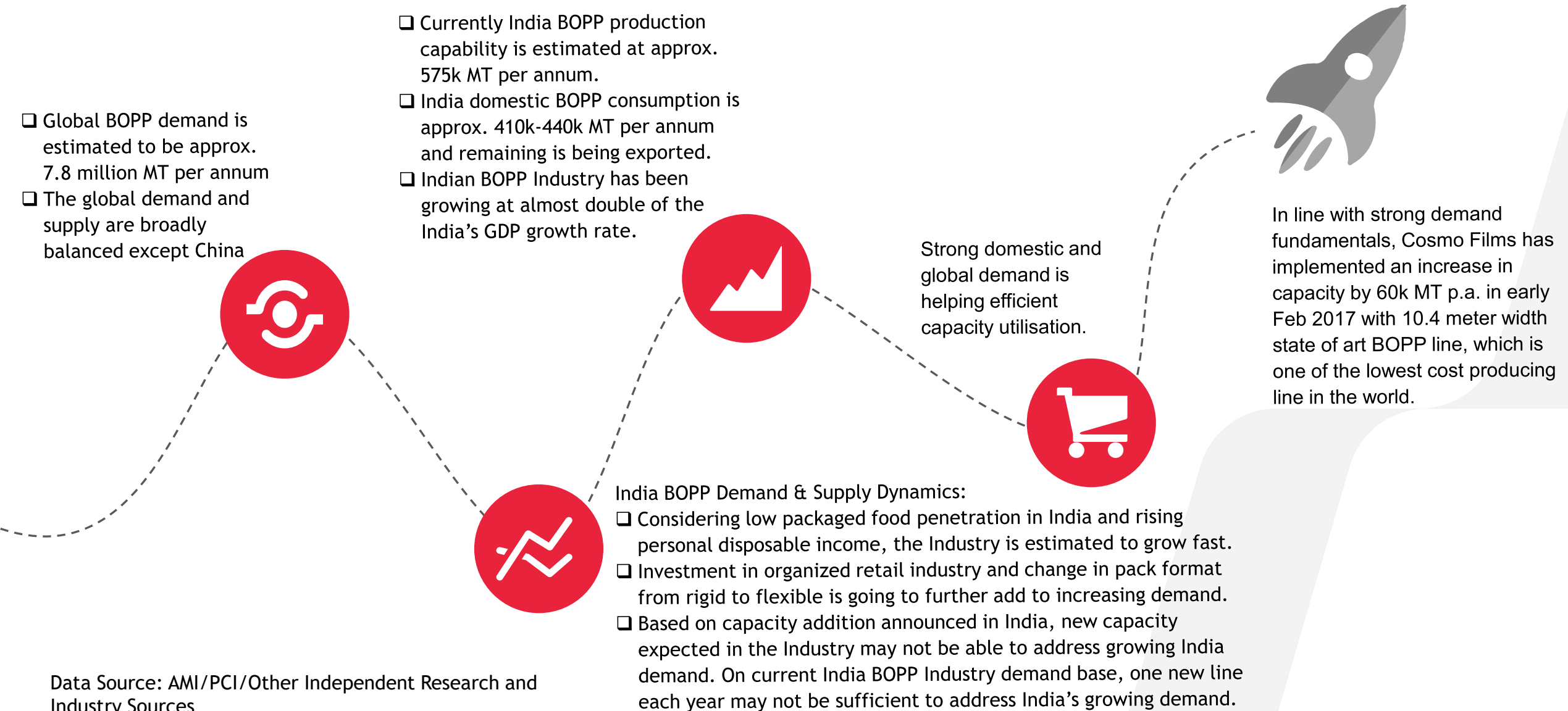
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Company Overview - Key Converters



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Demand-Supply Dynamics and Capacity Expansion

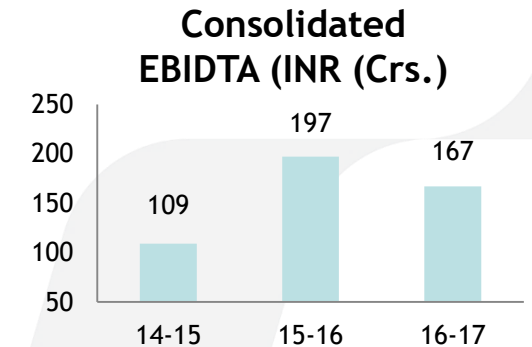
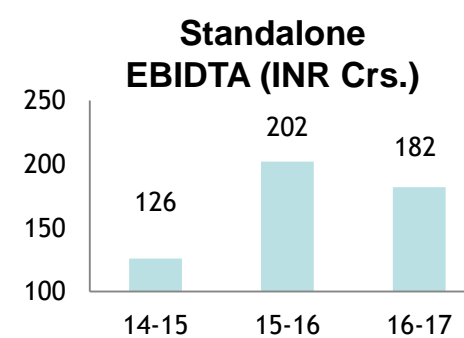
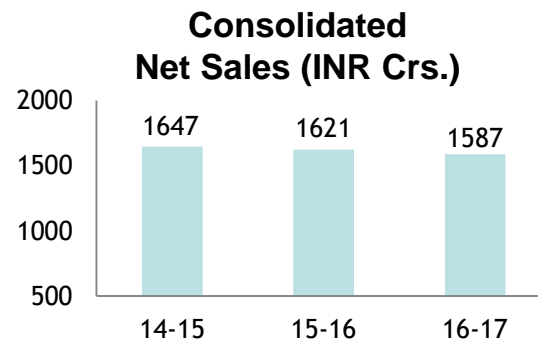
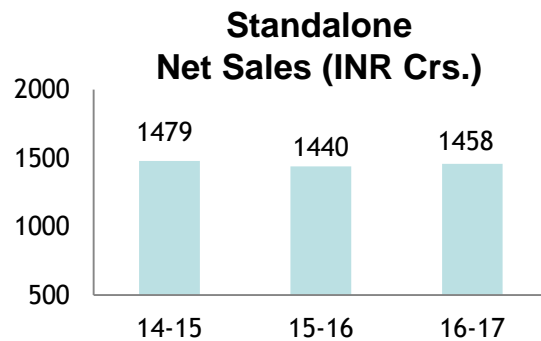


Financials



INR Crores

Particulars	Audited FY 14-15		Audited FY 15-16		Audited FY 16-17	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	1,479	1,647	1,440	1,621	1,458	1,587
EBIDTA	126	109	202	197	182	167
EBIDTA %	9%	7%	14%	12%	12%	11%
PBT before Exceptional	58	35	142	131	119	97
Exceptional Items	(9)	3	(6)	(7)	(1)	(2)
PBT after Exceptional Items	49	38	135	124	119	95
PAT	40	28	108	96	112	89
EPS	21	14	56	50	57	46
Book Value	211	196	256	235	314	281



- ✓ New capacity addition in FY 12-13 impacted margins temporarily in India, which is now totally reversed.
- ✓ 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. Subsidiaries operationally continues to be on improving trend.

Particulars	Unaudited Q4 FY 16-17		Unaudited Q3 FY 16-17		INR Crores Unaudited Q4 FY 15-16	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Net Sales	397	436	341	359	347	385
EBIDTA	41	41	40	35	54	52
EBIDTA %	10%	9%	12%	10%	16%	13%
PBT before Exceptional	25	23	24	17	39	35
Exceptional Items	2	1	1	2	-2	-3
PBT after Exceptional Items	27	24	25	19	37	32
PAT	31	28	27	21	29	24
EPS*	57	46	56	44	56	50
Book Value	314	281	284	257	256	235

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

Key Highlights - Q4, FY16-17 Results

Sales revenue increased by virtue of new production line commissioned in Feb 2017 and continued increase in speciality sales which grew by 20% on YoY basis. However, the margins remained under pressure for most part of the quarter due to lingering effects of demonetization. Towards the end of Q4, there was some improvement in the margins, a trend which is expected to continue.

The above together with saving in taxes due to effect of investment allowance on new production line lead to growth in PAT by 36% QoQ and 17% YoY.

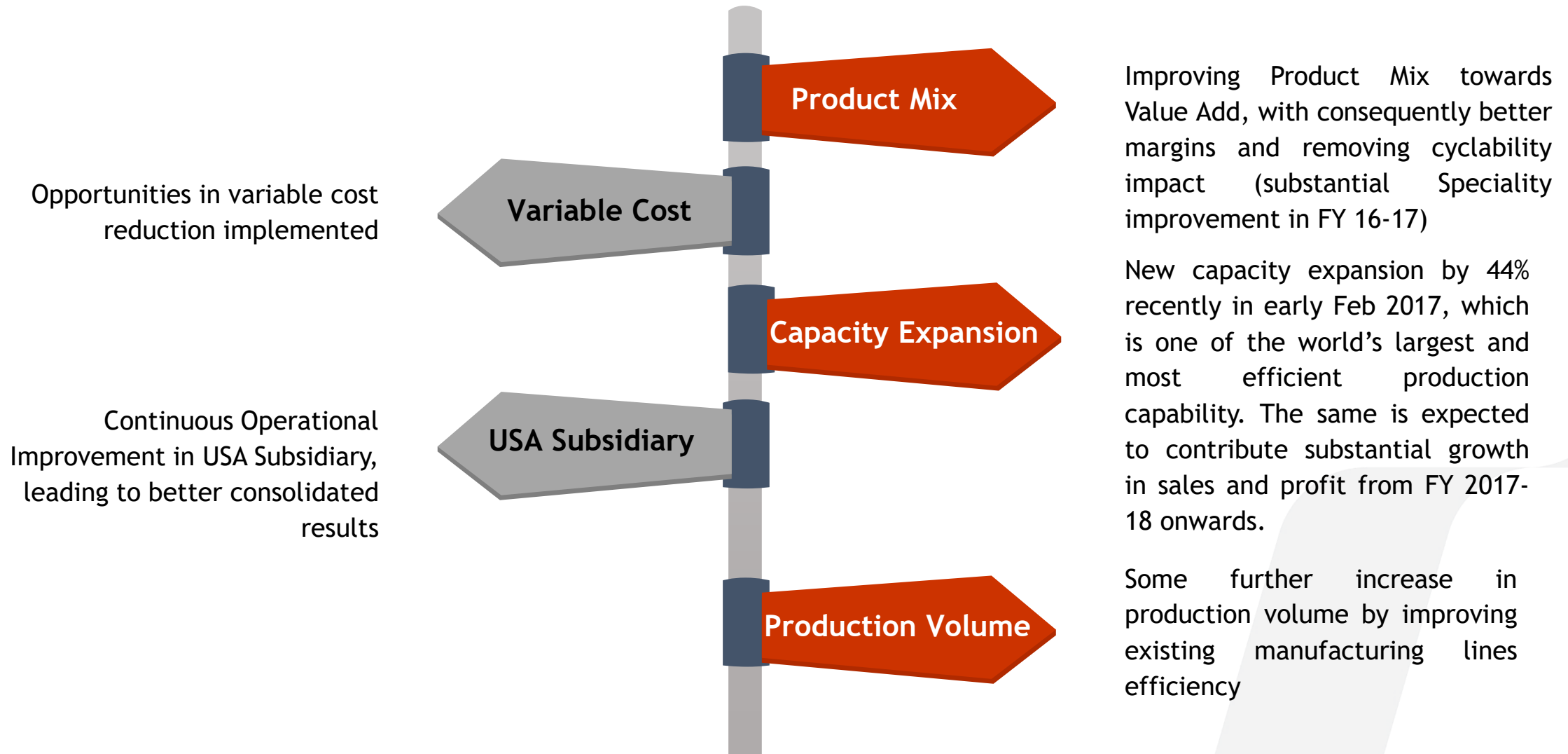
Financials - Key Ratios



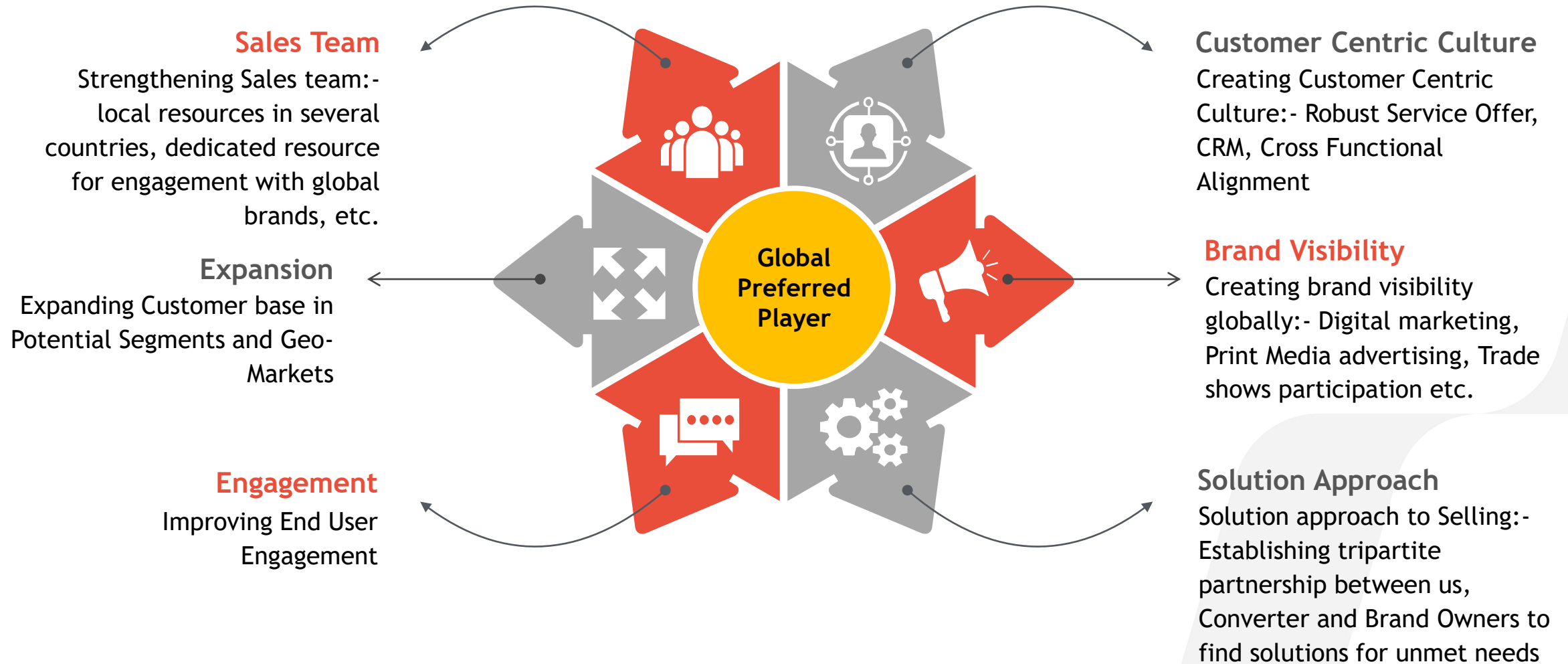
Particulars	Audited FY 14-15		Audited FY 15-16		Audited FY 16-17	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
ROE (%) *	10%	7%	24%	23%	21%	18%
ROCE (%) *	10%	8%	17%	17%	13%	12%
Net Worth (INR Crores)	411	381	498	456	610	547
Net Debt (INR Crores)	454	465	384	390	570	579
Debt/Equity 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.

Focus Areas for Improvement in EBITDA levels



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.



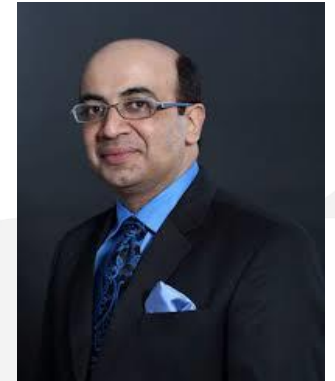
- Mr. H. N. Sinor, **Independent Director**

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

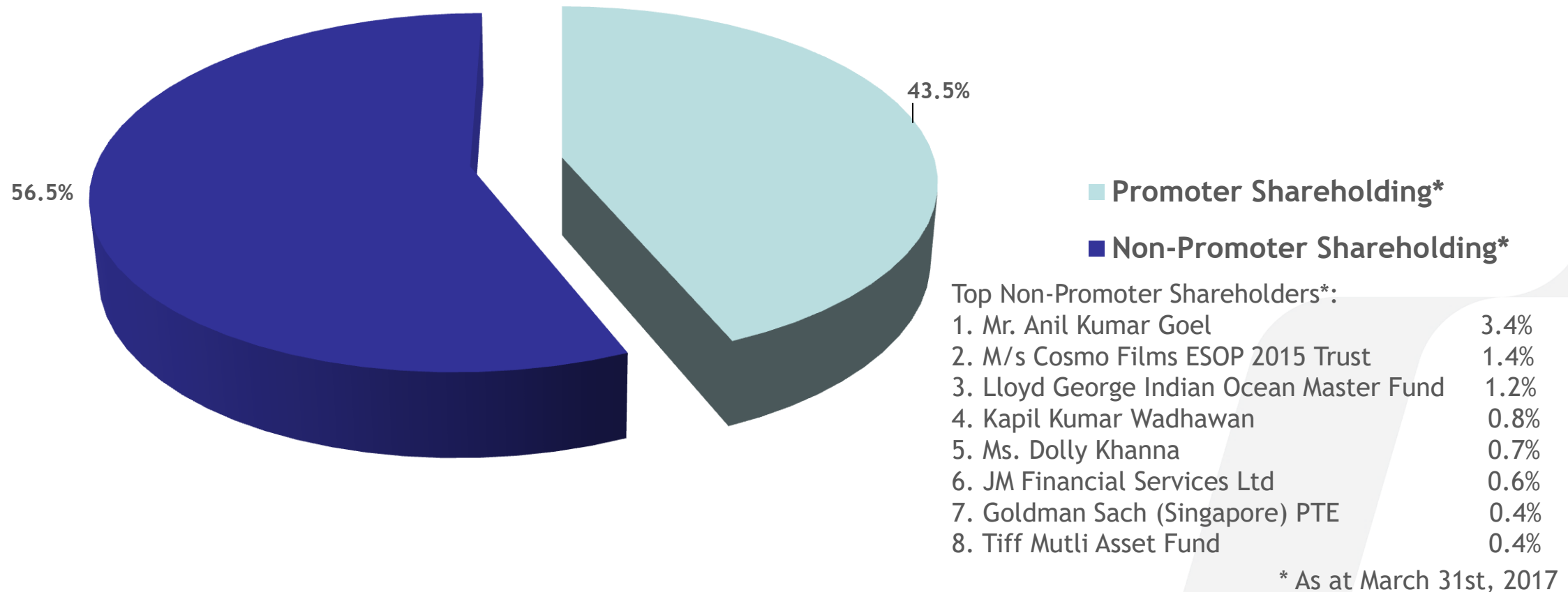


- **Mr. Satish Subramanian, Vice President - Global Sales & Marketing**

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



Shareholding Pattern (%age)



Care for environment



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



1. The Company's CSR arm 'Cosmo Foundation' was established in 2008 and has built in partnership with 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



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