

ANNUAL REPORT 2016-17



Consistent Growth through Innovation

WHAT WE HOPE TO ACHIEVE

Vision...

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

Mission...

For Customers:

To deliver the finest product and service experience, backed by innovation, people and processes.

For Employees:

To nurture a working environment that fosters personal and professional growth.

For Shareholders:

To generate sustainable long term returns on investment with focus on transparency and accountability.

For Vendors:

To create symbiotic relationships that drives mutual growth.

For Community:

Contribute to community growth through education, skills development and sustainable green practices.

WHAT DRIVES US CORE VALUES OF COSMO

Customer Orientation

We always remember that customers have choices, and we will do whatever it takes to develop long term relations with them. Our customers always come first, and we strive to exceed their expectations from the point of quality and service.

People

Our people are our most important asset. We treat all equally and with respect.

Innovation

We encourage innovation in every facet of our business activity and are not afraid of taking manageable risks. We take pride in developing cost effective innovative packaging and laminating solutions for our customers.

Fair Business Practices

We act fairly and ethically with all the stakeholders. We promote transparency, and adhere to the best corporate governance practices.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashok Jaipuria
Chairman & Managing Director

Mr. Anil Kumar Jain
Director of Corporate Affairs

Mr. H.K. Agrawal
Independent Director

Mr. Rajeev Gupta
Independent Director

Mrs. Alpana Parida
Non-Independent Director

Mr. Ashish Kumar Guha
Independent Director

Mr. Pratip Chaudhuri
Independent Director

Mr. H.N Sinor
Independent Director

Dr. Vivek Nangia
Independent Director

CHIEF EXECUTIVE OFFICER

Mr. Pankaj Poddar

CHIEF FINANCIAL OFFICER

Mr. Neeraj Jain

VICE PRESIDENT- GLOBAL SALES & MARKETING

Mr. Satish Subramanian

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Jyoti Dixit

AUDITORS

M/s. Walker Chandio & Co. LLP
Chartered Accountants

BANKERS

Development Bank of Singapore (DBS Limited)
Export Import Bank of India
ICICI Bank Limited
IDBI Bank Limited
International Finance Corporation
Landesbank Baden – Wurttemberg
State Bank of India
Union Bank of India
Yes Bank Limited
IndusInd Bank Limited
HDFC Bank Limited
SVC Bank

TRANSFER AGENTS

M/s. Alankit Assignments Ltd.
1E/13, Alankit Heights,
Jhandewalan Extension, New Delhi – 110055

DIRECTORS' PROFILE



Mr. Ashok Jaipuria

Chairman & Managing Director

A first generation entrepreneur with over forty years of experience in the corporate world, Mr. Ashok Jaipuria is the Founder Chairman and Managing Director of Cosmo Films Limited. He is a member of the Board of Governors (BoG) of the Indian Institute of Technology (IIT), Indore and an Independent Director on the Board of Hindustan Sanitaryware. He has also been an Executive Committee member of the Federation of Indian Chamber of Commerce and Industry (FICCI) and a member of the BoG of IIT Patna and the Institute of Liver and Biliary Sciences. He holds a degree in Associate of Arts in Business Administration and Diploma in Marketing Science.



Mr. Anil Kumar Jain

Director of Corporate Affairs

Mr. Jain has over four decades of experience in Finance, Accounts and General Management functions, having worked with Mawana Sugars, A.F Ferguson & Co and National Mineral Development Corporation in the past. Currently, he is the Director of Corporate Affairs of Cosmo Films. Mr. Jain holds a Commerce degree from Meerut University and an AICWA from ICWAI. He is also a Certified Information System Auditor from Information System Audit and Control Association, USA.



Mr. H. K. Agrawal

Independent Director

Mr. Agrawal has been in fields of Strategic Management, Organization Structure, Finance and Training for over four decades. He is an independent management consultant and has consulted several multinationals, large Indian corporate, small entrepreneurial organizations and developmental institutions. He has previously worked in large industrial organizations, both in public and private sectors in India, for the duration of thirteen years. Mr. H.K. Agrawal is a Mechanical Engineer from University of Jodhpur and has obtained his MBA from Indian Institute of Management, Ahmedabad.



Mr. Rajeev Gupta

Independent Director

Mr. Rajeev Gupta is known for his pioneering leadership style in concluding landmark mergers and acquisition deals across Indian industries and multinationals. Until recently he was the Managing Director of Carlyle Asia Partners and the Head of the Carlyle India Buyout team. Previously he was a Board member and Head of Investment Banking of DSP Merrill Lynch Limited. Mr. Gupta earned his B.Tech from IIT-Banaras Hindu University and an M.B.A. from the Indian Institute of Management, Ahmedabad.

**Mrs. Alpina Parida*****Non-Independent Director***

Mrs. Alpina Parida has more than two decades of experience in retail and marketing communications in the US and in India. Currently she is the President of DY Works, India's oldest and largest branding firm. Prior to that she was Head of Marketing with Tanishq, a prominent jewellery brand in India. She conducts branding workshops for large corporates. Mrs. Alpina Parida graduated from IIM-Ahmedabad in 1985 and has a degree in Economics from St. Stephens, Delhi University.

**Mr. Ashish Guha*****Independent Director***

Mr. Ashish Guha has served as CEO & Managing Director at Heidelberg Cement India Limited along with serving as a Director of BSNL, Ballarpur Industries limited and Ambit Finance Corporation. Mr. Guha has been part of the Investment Banking sector for more than two decades at Ambit Corporate Finance as Deputy CEO and Senior Partner and as CEO at Lazard India. 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 is a Certified Associate of Indian Institute of Bankers (CAIIB) and retired as Chairman of State Bank of India, which is one of India's largest banks. He has extensive experience in the fields of Corporate Finance, Treasury, Asset Management and International Banking. He has also been the Chairman of SBI Life Insurance Company Ltd, SBI Mutual Fund, SBI Pension Fund and other subsidiaries of SBI. He was also on the Board of Exim Bank of India. He holds a BSc. (Hons) Degree from St. Stephen's College, Delhi University. He is also a Master in Business Administration from University Business School, Chandigarh.

**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, thereafter, joined Indian Banks' Association as Chief Executive. Mr. Sinor later joined Association of Mutual Funds in India in a similar capacity. Being a veteran banker, Mr. Sinor has worked on a number of Committees at a policy level during his long career. Mr. Sinor holds Board position as an Independent Director on many reputed companies. 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.

CHAIRMAN'S MESSAGE



The flexible packaging industry has experienced rapid growth globally as a result of increased consumption, change in packing format from rigid to flexible and greater innovation. In India factors such as low packaged food penetration, growing organized retail and rising personal disposable income have helped the Industry to grow rapidly particularly during last one decade. Considering expected growth in these factors, the Industry growth is expected to further accelerate in coming decades. Cosmo Films has benefitted from the accelerated market growth and with close to four decades of industry experience and presence in more than eighty countries, the Company today has become one of the leading manufacturers and exporters of Biaxially Oriented Polypropylene (BOPP) Films around the world. Further, besides being world's largest manufacturer of thermal lamination films, the Company today with consistent efforts on value added speciality films; has become largest value added films supplier in India.

During the financial year 2017, Profits after Tax (PAT) on standalone basis marginally increased by 3% to Rs.112 Crores from Rs.108 Crores during previous year. Consolidated PAT was Rs.89 Crores during financial year 2017 compared to Rs. 96 Crores during previous year. PAT for the year was unfavourably impacted by temporary factors such as demonetization and one time exceptional forex loss in Japan subsidiary. The Company could successfully mitigate impact of these factors to a large extent by increase in the sale of higher margin value added products and operational efficiency.

The Company is strategically selecting its growth plan to enhance high margin value added films portfolio on one hand and to become one of the lowest cost producer in the world in selecting product categories on another hand. In this direction, the Company has commissioned 10.4 meter width BOPP line in Feb 2017 ahead of schedule. Company had an installed capacity for BOPP films of 136000 MT p.a and with this new line the capacity will be 196000 MT p.a. The capacity is expected to be ramped up to its full capacity from mid financial year 2018 and should contribute in Company's growth. We have also recently announced 36,000 MT annual capacity speciality BOPET (Biaxially Oriented Polyethylene Terephthalate) production line which is expected to be commissioned during financial year 2019 primarily with niche speciality products. We have started to establish strong packaging film business with our existing infrastructure and asset base in USA and Korea. This helps us to be closer to our customer and help company on a better margin on such sales.

Cosmo's advanced research and development team with its relentless focus allows us to drive innovative product development globally and meet the ever changing needs of the packaging industry. With our continuous R&D efforts, we have created a more customer centric product offering and have a strong pipeline of value added films which will drive the Company's sales in the coming years. R&D focus has been on re-energizing existing products, launching new products and getting into new categories. The Company recognises importance and long term benefits of investment in Information Technology (IT) infrastructure to leverage technology for enhancing efficiencies and productivity. As a result of which the Company has successfully implemented "Customer Relationship Management" (CRM) first in the Indian Industry during financial year 2017.

Cosmo strongly believes in employee development, defining a culture where by employee can shape up his career by way of identifying his/her areas for growth. As a step to achieve this, the Company has conducted an Employee Engagement Survey through a world renowned agency. The information obtained from this study was used as inputs in the formation of the organization's HR policies and programs to ensure Cosmo continues to be a good organization for current and future employees. In the survey, generally the Company has achieved scores much higher than the industry.

As we strive for business excellence & growth, we also continue to focus on environment & sustainability initiatives. We are committed to Swachh Bharat Campaign (Clean India Mission) by Government of India, through various philanthropic initiatives of Cosmo Foundation. As part of this, Swachh Vidhyarthi, Swachh Vidhyalaya campaign was initiated in 21 primary and grant-in-aid schools in Karjan villages of Gujarat to bring awareness on personal hygiene, environmental & behavioural change. We have also initiated a drive in the City of Aurangabad to invoke interest among the local public to collect plastic waste and send it for recycling and to spread awareness on disposal of waste etc. This year we are targeting to construct & maintain toilets for girls in 15 schools covering 10 villages of Karjan Dist. By engaging in continuous dialogue with the stakeholders as a global corporate citizen, Cosmo aims to increase awareness & importance of promoting Swachhta and also of the unique role Cosmo plays in addressing the challenges of building more sustainable societies.

I would like to thank our stakeholders for reposing their confidence and faith in the Company. We are committed to deliver long term stakeholder value and look forward to achieve several milestones on the path of excellence and profitable growth in coming years.

Ashok Jaipuria
Chairman and Managing Director

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