



Arrow Coated Products Limited

Investor Presentation — November 2015

Safe Harbor



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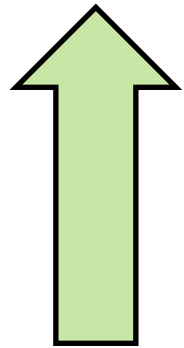


Eco Friendly Solutions

H1 FY16 Financial Highlights - Standalone

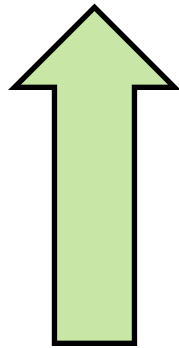


Rs. Lakhs



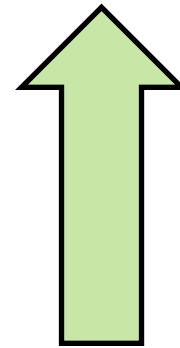
32%

Revenue – Rs. 1 130



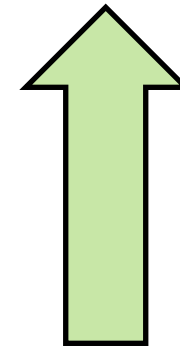
59%

EBITDA – Rs. 649



44%

PBT – Rs. 642



38%

PAT – Rs. 449

EBITDA Margin (%)



H1FY15

H1FY16

PAT Margin (%)



H1FY15

H1FY16

Growth Y-o-Y



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Business Overview



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Business Overview

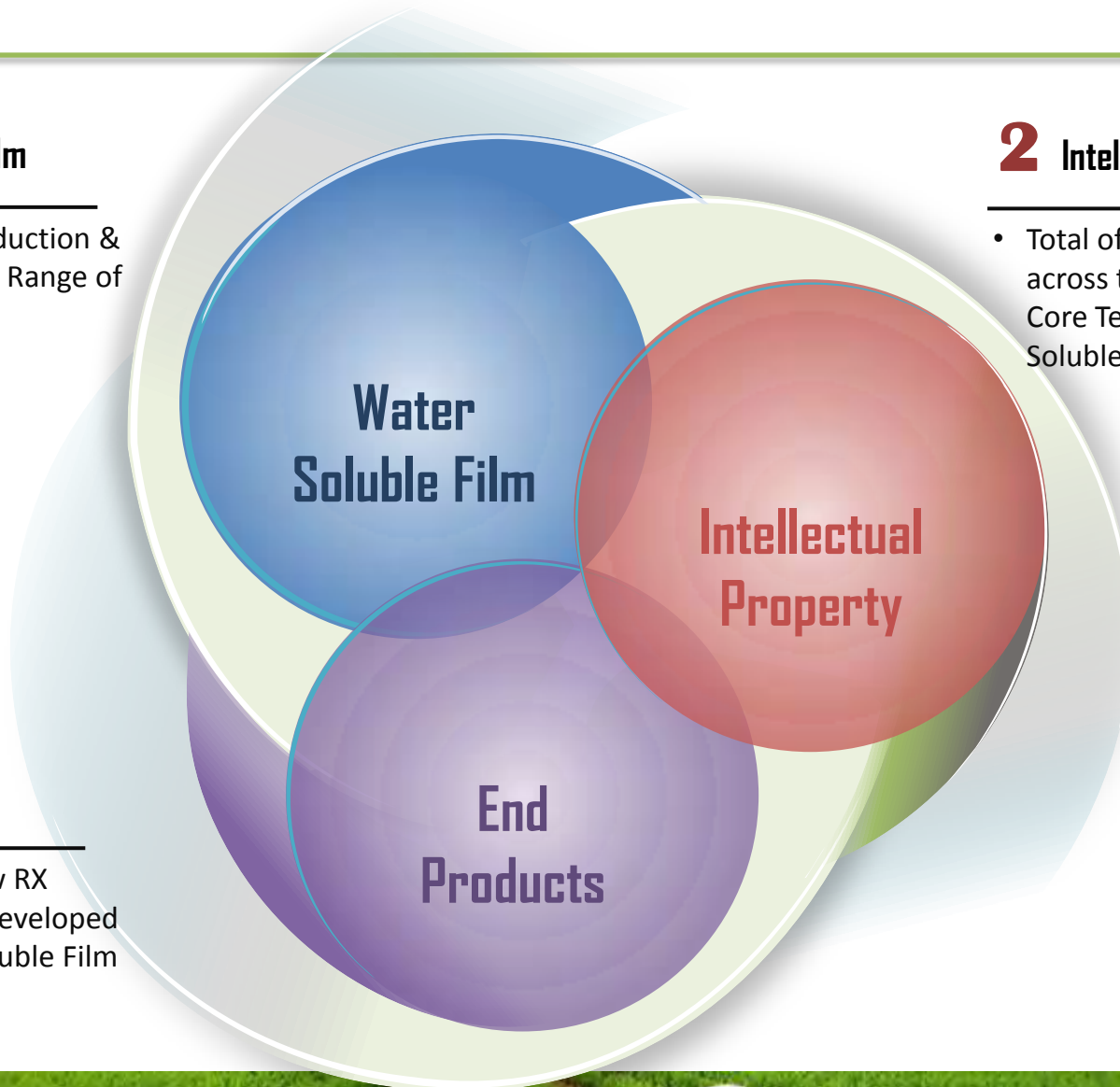


1 Water Soluble Film

- Development, Production & Marketing of Wide Range of Water Soluble Film

2 Intellectual Property

- Total of 30 granted patents across the World, based on Core Technology of Water Soluble Film



3 End Products

- Arrow Care & Arrow RX range of products developed using the Water Soluble Film Technology



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Water Soluble Film



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What is Water Soluble Film (WSF) ?



**Liquid Detergent
Packed in WSF**

What it is?

- Water Soluble Film
- Packaging material that is environmentally safe & fully biodegradable when disposed in water or waste

Properties

- Optimum Tensile Strength
- Flexibility for using in multiple forms of packaging
- Excellent Moisture/Heat Sealing
- Eco-friendly

Applications

- Industries like Agrochemical, Health & Hygiene, Embroidery, Dyes, Cement, Enzymes, Fish Baits, Edible Films etc.

**Dissolves
Completely**



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Advantages of Water Soluble Film



Eco Friendly

Dissolves without leaving any harmful residue

Safe

Avoids direct contact with the toxic product / Cross Contamination

Easy to Dose

It is precisely dosed = no product wastage

Convenient

Doses has less storage space and easy to handle

Varied Industries

Used in varied Industries in multiple ways



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Our Water Soluble Film Business



- Sole Manufacturer of Cast Water Soluble Film in India
- State of art Manufacturing Facilities
 - Ankleshwar, Gujarat : ~ 350 Km far from Bombay
 - Land on 99 years renewable lease from GIDC
 - R&D Centre with Modern Equipments
 - Common Utilities and R&D available for future expansion
- Key Industries :
 - Agrochemicals, Embroidery, Detergents, Soap Film Laundry Bags, Capsule Package, Fish Bait, Toilet Blocks, Edible Film based Pharma Films, Dyes, Cement Additives, Enzymes for Bio Toilets etc

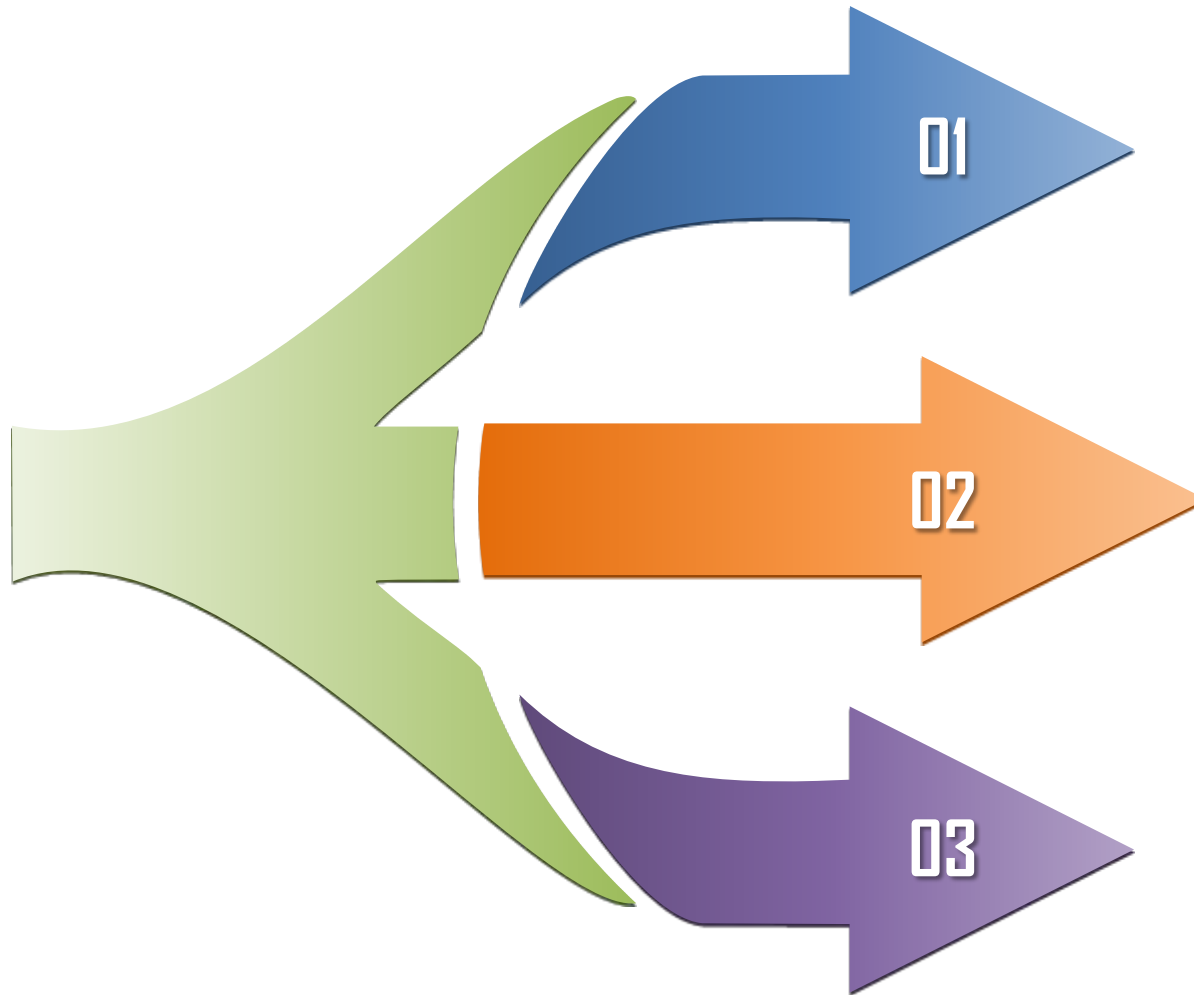


**100% compostable, 100% degradable and
100% eco-friendly**



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Key Entry Barriers



Product Formulation

- Special Chemistry per end use
- Customized Formulations designed for various types of parameters of WSF
- **Example :** Various Water Temperature, time of dissolution and types of Water – Hard, soft, Salty etc

Proprietary Information

- RND outcome is privy to Arrow
- Example : Given a particular material to be packed: Under What Conditions will the WSF dissolve and the Chemical Properties of WSF once it is dissolved

Accelerated Ageing Test

- WSF goes through Accelerated Ageing test under accelerated ageing conditions. This matrix of information is vital to development of right WSF
- To help determine the long-term effects for the purpose of expected shelf life of packed product.





Intellectual Property



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Key Granted Patents across the Globe



<p>A Process of manufacturing embedded water soluble film system and embedded water soluble film system manufacture by the same India</p>	<p>Water Soluble Drug delivery system U.K.</p>	<p>A water soluble film based matrix to contain samples extracted from living species Europe, India & United States</p>	<p>High security paper and process of manufacture Russia</p>	<p>Self destructive irreversible security packaging film India, Eurasia & Europe</p>
<p>Method of manufacturing embedded water soluble film carrier Australia & South Africa</p>	<p>Substantial Pinhole Free Multilayered Water Soluble Film and Process of manufacture the same India</p>	<p>Edible water soluble packaging film and package made out of the said film India</p>	<p>Method of producing a high security film Europe</p>	<p>A water Soluble Film based Package for Packing Aqueous Liquids India</p>
<p>Substrate for ink jet printing with hydrophobic solvent based ink India</p>	<p>High strength paper and process of manufacture United States</p>	<p>Cast – Extruded or Cast – Cast Combined multilayer water soluble film and process for producing the same India</p>	<p>Method of making High Strength Paper & A Paper manufactured thereof India & South Africa</p>	<p>Method of producing a high security film and high security film produced by the said method United States</p>
<p>Wide format printed graphics without release liner India</p>	<p>Self adhesive materials with a water soluble protective layer South Africa & United States</p>	<p>High Security Film Australia</p>	<p>A process of Preparing a Self Adhesive India</p>	



Capitalizing – Key Patents



Actives Embedded Water Soluble Film

Drug Delivery Device (Controlled & Bio Digestible)

WSF Based Matrix to Collect Samples

High Security Paper

Self Destructive Irreversible Security Packaging



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Health & Hygiene : Active Embedded Water Soluble Film



Relates to process for manufacturing embedded/entrapped water-soluble film (WSF) system and water soluble film (WSF) system manufactured by the said process

- Pharmaceutical Industry
- Agrochemical Industry
- Hospitality Industry
- Chemical Industry

Patent Details

Application

Grant Details

Advantages

- Patent Granted in
India (200301), 24.04.06 ;
South Africa (2004/3259), 24.11.04 ;
Australia (2002356417), 22.01.09 ;
- Patent being “Prosecuted to Grant” in
Europe (EP2228431)
USA (US20110039985)
Australia (AU-A-2009200075)

- Dissolves instantly
- Drug delivery faster
- Quicker reaction
- Novel Drug Delivery System
- Cheaper than conventional technology of drug delivery
- Easy intake
- Sugar free
- Precise Delivery of nutrients to the plant (roots, leaves)



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Health & Hygiene : Drug Delivery Device



Relates to a dosing system which contains active ingredients, embedded within and/or coated upon water soluble or water dispersible polymers

- For Humans
- For Animals
- For Plants

Patent Details

Application

Grant Details

Advantages

- Patent Granted in United Kingdom (GB2421431)
India (264545), 05.01.15
- Patent being "Prosecuted to Grant" in Europe (EP1865930)
USA (US20080038326)

- Delivers actives in a controlled manner
- Delivers actives at precise locations
- Bio -digestible
- Can deliver multiple actives
- Less chances of cross contamination in post operative care



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Health & Hygiene : A WSF based matrix to contain samples



Relates to a Water Soluble Film based matrix for collecting

- Blood, Urine, Serum Samples or
- Any other type of samples extracted from living species

Health Care:

- Provide a water soluble film based matrix for collecting and storing samples extracted from living species for avoiding cross infection or spillage of samples

Patent Details

Application

Grant Details

Advantages

- Patent Granted in
India (251630), 27.03.12
USA (8673236), 18.03.14
Europe (2040921), 24.07.13

- Eliminate problem of disposal of used containers
- Non contaminating container for collecting liquid and semi solid bio waste
- Retrieve the samples collected, by dissolving the Matrix, for analysis



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Security : High Security Paper



A security paper having one or more of a security feature inserted at precise locations on or within the paper by using a polymeric article as a carrier for the security feature(s)

Paper based Products:

- Bank Notes
- Passports
- Postage Stamps
- Certificates etc

Patent Details

Application

Grant Details

Advantages

- Patent Granted in Russia (2409473), 20.01.11
- Patent being "Prosecuted to Grant" in India (312/MUM/05)
Europe (EP1871952)

- High – Value Security Packaging for the documents
- To maintain Secrecy of Important Documents



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Security : Self Destructive Irreversible Security Packaging



A self destructive irreversible security packaging water soluble film and method for manufacturing the same.

Chemical & Agro Packaging

- Water soluble packaging film is embedded with various security elements, which will get destroyed irreversibly upon final usage as the whole package along with its contents will dissolve in water

Patent Details

Application

Grant Details

Advantages

- Patent Granted in
India (227842), 21.01.09
Eurasia (012856), 30.12.09
Europe (1868818), 05.05.10
- Patent being "Prosecuted to Grant" in
USA (US20080190808)

Packaged Pesticides, Chemicals(to avoid counterfeiting), Packed FMCG goods with track and trace security system (to avoid grey marketing) , Security Labels etc



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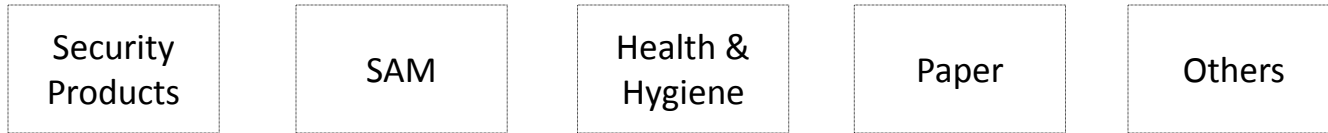
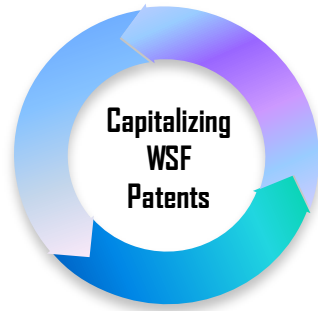


End Products



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End Products – Capitalizing WSF Patents



- Security Embedded Film – Readable by Light Source, Machine etc

- Oral Hygiene & Personal Hygiene Segment

- Pharmaceuticals – Oral Consumption and Drug Delivery System

Partnerships & JVs

• Tsukioka, Japan

• Careli, Spain

• Trace Tag, UK



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Arrow Security



- Granted Patent Rights across the world and part of its security Patent Portfolio
- Security films for manufacturing of high security paper such as banknote, passport and non-judicial stamp papers, or for brand protection applications
- These patents are managed by dedicated IP cell of Arrow Coated Products Ltd



- **Exclusive arrangement with Trace Tag International Ltd (TTI, UK) for integration and use of Tracetag's DNA taggants within security documents**
- **TTI and ACPL have decided to pursue their joint developments and to commercialize resulting applications to their mutual benefit in the field of security documents**



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Arrow Care



- **Meltz** – It's a small breath strip which creates freshness, killing all the bad breath germs
- It dissolves instantly when placed on the tongue
- Approved from FSSAI and other licensing authorities in India



Meltz

- **Carez** – Small thin Soap Strips convenient to carry and use
- Economically priced, no wastage, and no residue left after wash
- Laboratory Tested Product



Carez

- **Klenz** – Concentrated Capsule to refill a bottle for household cleaning
- Innovative product for specialised Glass cleaner, Antibacterial & Multipurpose Cleaner
- Time Saving, Cost Saving, Space Saving



Klenz



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MMS™ Films – NDDS

- Mouth Melting Strips (MMS) - Thin Films loaded with Actives for Drug Delivery
- Taken Orally and melts instantaneously in the mouth when placed on or under the tongue
- The active substance enters the bloodstream directly via the oral mucosa without having to pass through the gastrointestinal tract



Novel Drug Delivery Device -NDDD

- DDD contains Actives embedded within and/or coated upon Water Soluble or Water Dispersible Polymers
- The active ingredients are released at a precise – controlled rate from a readily soluble polymer into an aqueous environment through one or more perforated bio-digestible films, post which DDD dissolves overtime and is bio absorbed over time



RX Matrix

- Novel system of collecting and storing blood samples, urine samples, serum samples or any other type of samples extracted from living species to avoid cross infection or spillage of the samples
- It eliminates the problem of disposal of used containers
- Non contaminating container for collecting liquid and semi solid bio waste





Future Outlook



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Future Outlook



Capacity Expansion

Increase Capacity of High Value Water Soluble Film



Monetizing

Monetize the existing Patents by selling or licensing the Patents

R&D to develop more of Products & Processes and file New Patents



Partner / JV

Partner / JV with the players in the FMCG and Pharmaceuticals to develop products for the end consumers using our Patents

Water Soluble Film / Packaging to be provided by Arrow Coated Film Division



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Financials



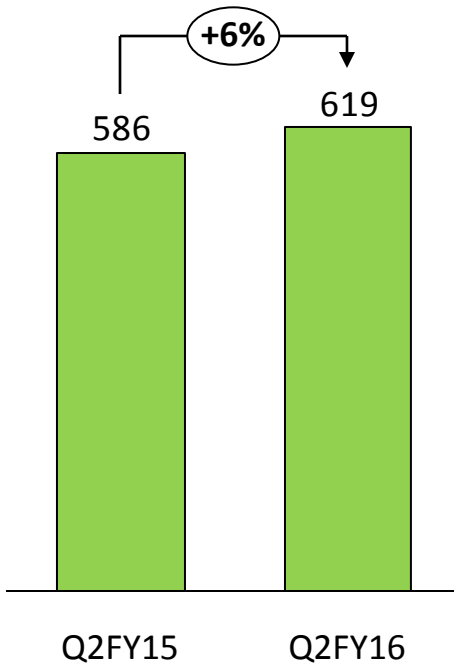
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Quarterly Highlights - Standalone

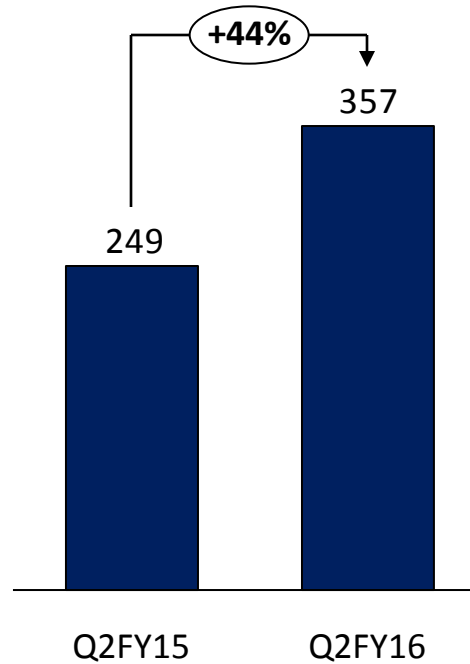


Rs. Lakhs

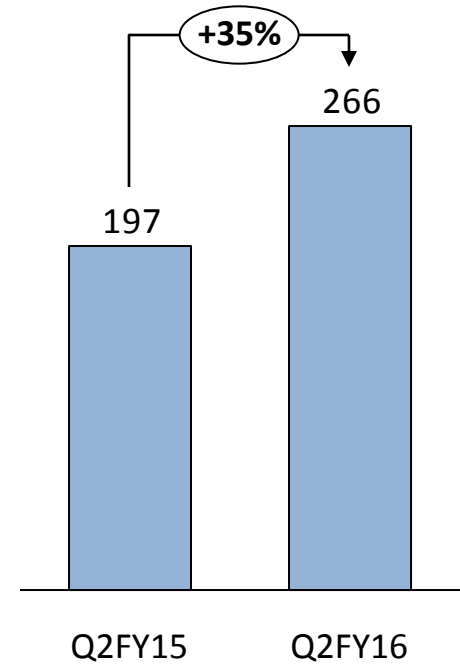
Revenue



EBITDA



PAT



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Quarterly Financials - Standalone



Rs . Lakhs	Q2FY16	Q2FY15	YoY%	Q1FY16	QoQ%
Revenue	619.4	586.0	6%	510.4	21%
Increase/Decrease in Stock in Trade	14.6	136.0		-7.7	
Raw Material	59.6	40.1		39.1	
Manufacturing Expenses	55.9	38.7		35.0	
Employee Cost	61.0	65.8		52.8	
Other Expenses	71.5	56.9		99.0	
EBIDTA	356.8	248.5	44%	292.3	22%
EBIDTA Margin	57.60%	42.41%		57.27%	
Other Income	27.5	33.7		13.3	
Depreciation	24.0	9.3		23.9	
EBIT	360.4	272.9	32%	281.7	28%
Interest	0.0	0.0		0.0	
Profit before Exceptional item & Tax	360.4	272.9		281.7	
Exceptional Items	0.7	-0.6		-0.3	
PBT	361.0	272.3	33%	281.4	
Tax	95.4	75.0		97.5	
PAT	265.6	197.3	35%	183.9	44%
PAT Margin	42.88%	33.67%		36.03%	



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Half Yearly Financials - Standalone



Rs . Lakhs	H1FY16	H1FY15	YoY%
Revenue	1129.8	856.5	32%
Increase/Decrease in Stock in Trade	6.9	123.1	
Raw Material	98.6	55.7	
Manufacturing Expenses	91.0	69.8	
Employee Cost	113.8	98.9	
Other Expenses	170.4	101.5	
EBIDTA	649.1	407.6	59%
EBIDTA Margin	57.45%	47.59%	
Other Income	40.8	56.0	
Depreciation	47.8	16.9	
EBIT	642.1	446.7	44%
Interest	0.0	0.0	
Profit before Exceptional item & Tax	642.1	446.7	
Exceptional Items	-0.3	-1.2	
PBT	641.8	445.5	44%
Tax	192.9	120.0	
PAT	448.9	325.5	38%
PAT Margin	39.73%	38.00%	



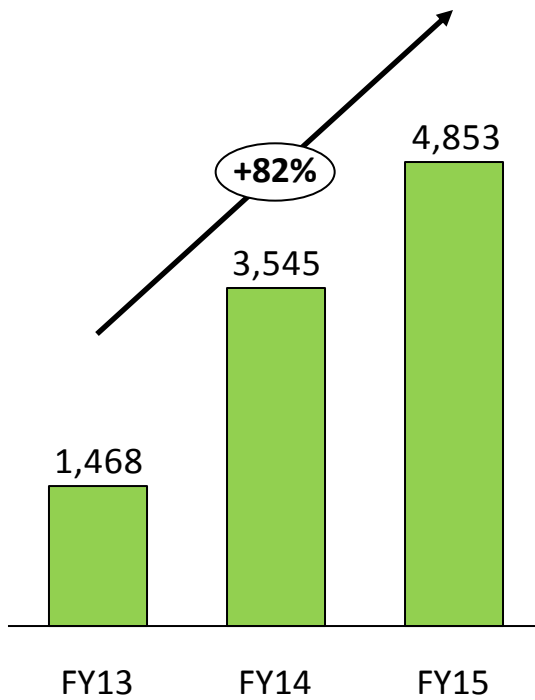
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Financial Highlights - Consolidated

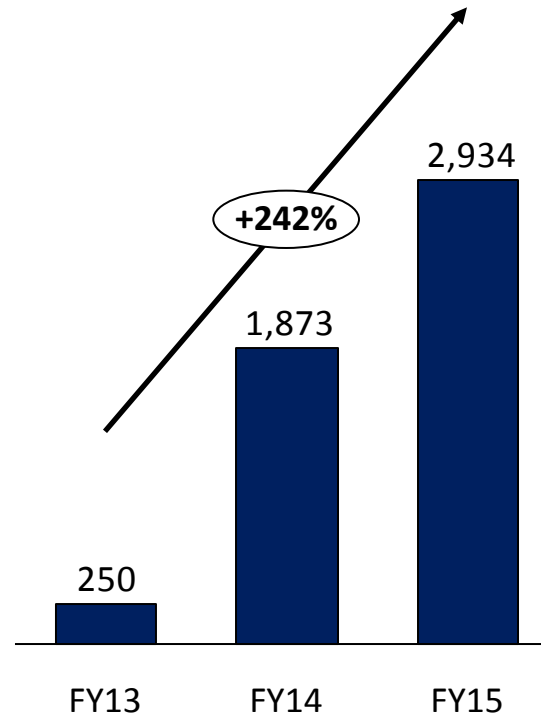


Rs. Lakhs

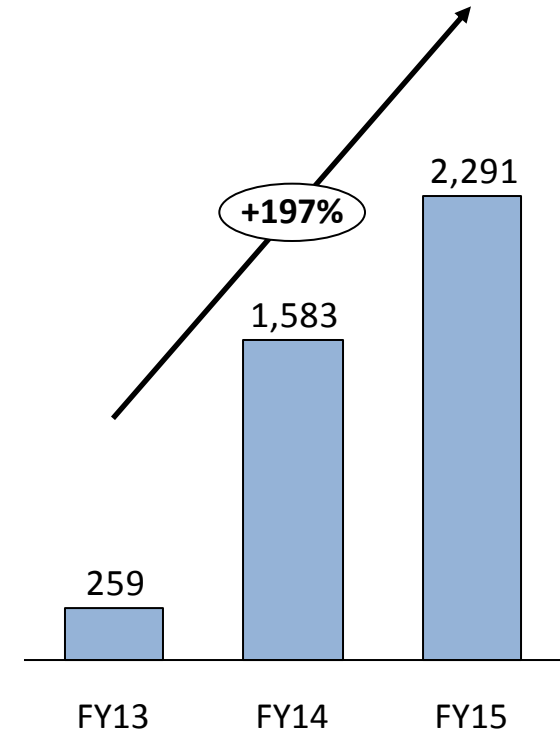
Revenue



EBITDA



PAT



FY2015 : Dividend @ 25% on Equity share of Rs. 10/- each



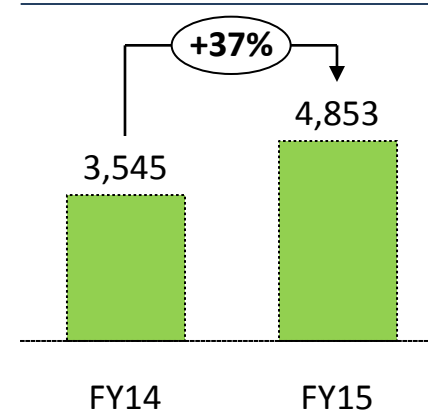
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Consolidated Profit & Loss



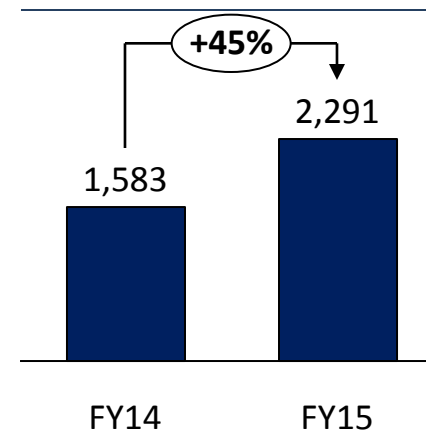
Rs. Lakhs	FY15	FY14
Net Sales	4853.17	3545.4
EBIDTA	2933.6	1872.7
Margin %	60.4%	52.8%
PBT	2952.2	1959.9
Tax	661.3	376.8
PAT	2290.9	1583.1
PAT Margin %	47.2%	44.7%

Net Sales



Rs. Lakhs	H1FY16
Revenue	2450.62
Expenses	559.36
Profit Before tax	1891.26
Income tax	408.24
Profit after Tax	1483.02

PAT



Standalone Balance Sheet



Rs. Lakhs	Sep-15	Mar-15	Rs. Lakhs	Sep-15	Mar-15
Shareholder's Fund	2,650.0	2,198.8	Non-current Assets	2,687.3	2,566.5
Share Capital	1,174.0	1,174.0	Fixed Assets	504.9	545.8
Reserves & Surplus	1,476.0	1,024.8	Tangible assets	431.3	468.4
Non Current Liabilities	49.1	51.3	Intangible assets	73.7	77.4
Long-term borrowings	0.0	0.0	Intangible assets under development	109.1	110.7
Deferred tax liabilities (Net)	26.2	30.4	Non-current investments	1,584.5	1,544.9
Other Long term liabilities	17.6	15.2	Long-term loans and advances	477.4	352.8
Long-term provisions	5.3	5.8	Other non-current assets	11.4	12.2
Current Liabilities	1,123.6	854.6	Current assets	1,135.4	538.3
Short-term borrowings	0.0	0.0	Inventories	100.8	70.2
Trade payables	261.4	166.3	Trade receivables	160.5	49.9
Other current liabilities	17.5	41.9	Cash and cash equivalents	430.3	236.6
Short-term provisions	844.7	646.4	Short-term loans and advances	441.3	179.9
TOTAL	3,822.7	3,104.8	Other current assets	2.5	1.6
			TOTAL	3,822.7	3,104.8



Consolidated Balance Sheet



Rs. Lakhs	FY15	FY14
Share Capital	1174.0	1174.0
Reserves	3489.4	1808.4
Total Shareholding	4663.4	2982.4
Minority Interest	58.66	0.6
Long Term Borrowings	5.1	14.5
Deferred Tax Assets / Liabilities	30.4	12.4
Other Long Term Liabilities	21.0	26.2
Total Non Current Liabilities	56.4	53.1
Trade Payables	148.9	417.8
Other Current Liabilities	41.9	58.2
Short Term Borrowings	0.0	3.5
Short Term Provisions	1038.7	589.3
Total Current Liabilities	1229.5	1068.8
Total Liabilities	6008.0	4105.0

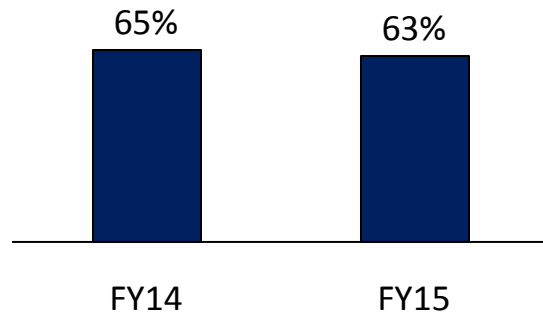
Rs. Lakhs	FY15	FY14
Net Block	1196.1	906.0
Non Current Investments	1484.9	682.8
Long Term Loans & Advances	352.9	294.1
Other Non Current Assets	12.7	14.7
Total non Current Assets	3046.6	1897.6
Inventories	76.3	318.6
Sundry Debtors	49.9	44.1
Cash and Bank	2635.3	1520.5
Other Current Assets	1.7	1.0
Short Term Loans and Advances	198.2	323.2
Total Current Assets	2961.4	2207.4
Total Assets	6008.0	4105.0



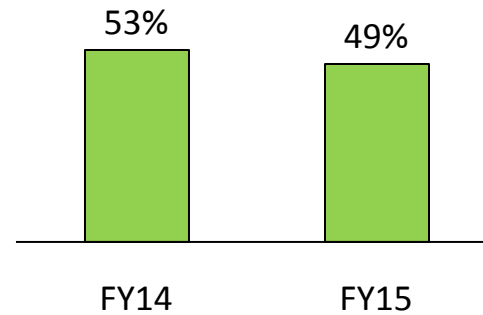
Ratio Analysis



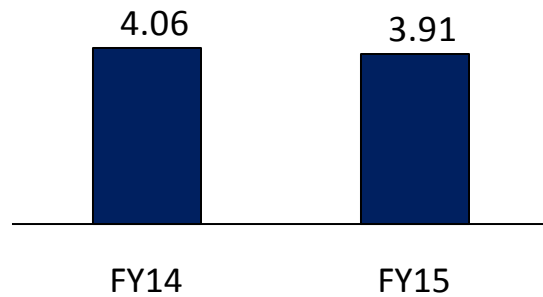
ROCe (%)



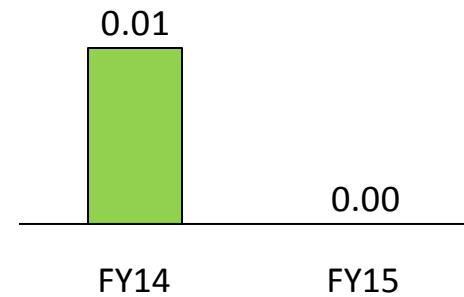
ROE (%)



Fixed Asset T/O (x)



Total Debt/Equity (x)





For further information, please contact

Company :

Arrow Coated Products Ltd
CIN: L21010MH1992PLC069281
Ms. Poonam Bansal
poonam@arrowcoated.com

www.arrowcoated.com

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.
CIN: U74140MH2010PTC204285
Ms. Neha Shroff / Ms. Ruchi Rudra
sneha@sgapl.net / rruchi@sgapl.net

www.sgapl.net



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