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INTERVIEW

Rajesh Bhatia

Group CFO, UFlex Limited

Packaged To Perform

How do you explain the two-fold jump in net profit for the September quarter?

Continuing on the growth path from the previous quarter, Q2 FY 2020-21 has been a great quarter for us in terms of production and sales volume, revenues, and almost 70 per cent rise in EBITDA, resulting in a 136 per cent jump YoY in net profit. Rise in customer demand for flexible packaging in segments such as personal hygiene, wellness etc. as well as additional output from Poland and our new Russia plants have contributed to this growth.

Can we say that the business activity has now returned to the pre-pandemic levels?

The last six months have resulted in a lot of changes in consumption habits which has in many ways contributed to the sudden spike of our packaging volumes. We have witnessed a dramatic surge in food and personal hygiene packaging and we have also seen the emergence of the pouching business that delivered high business growth for us and will continue to garner good demand in other categories. Packaging, in these tough times, has not only ensured access of supplies and safe consumption, but also reiterated its position as a necessity for people.

In the packaging films business, our plans to have international locations operational are also moving as per the expected timeline. Despite the pandemic, we managed to commence

commercial operations at our Russia facility. The only business segment that was somewhat affected by the pandemic was aseptic liquid packaging which was working at lesser capacities in the earlier months of the lockdown although it is now looking quite promising with our capacity being fully booked for the coming months.

What explains the huge surge in demand for your products in the recent quarter?

The ongoing pandemic has impacted our lives like never before with 'safety first' occupying the foremost preference worldwide. With disruptions caused by the pandemic, we had to adapt to new ways of working with a 360 degree approach. UFlex was amongst the few packaging companies that were able to operate during the time of the lockdown and cater to the packaging needs of essential sectors of FMCG and pharmaceutical. Our presence across the value chain of flexible packaging proved advantageous in the smooth functioning of the supply chain.

Such an established presence and our ability to overcome the challenges imposed by the pandemic helped in acquisition of new clients, leading to added demand, and this along with inflated demand from existing customers, contributed to higher sales of our products. For instance, a leading liquor brand that pivoted to manufacturing hand sanitizer has started working with us. Likewise, because of increased consumption of snacks and home-cooked food, an existing customer who expanded his product portfolio opened new avenues of packaging for UFlex. ■



Average investors can become experts in their own field and can pick winning stocks as effectively as Wall Street professionals by doing just a little research.



- Peter Lynch