

# INDIAN ECONOMY & MARKET

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## In Conversation

“Our target is to bring net NPA lower than three per cent by March-end”

– AS Rajeev, MD & CEO,  
Bank of Maharashtra



# ARE BANKS BANKABLE NOW

Banking stocks have gained on the back of better than expected recovery in the economy. In a couple of months, they are up by one third yet down in year till date basis. Is it the right time to bank on banks?

&  
Quarterly  
Result Digest





UFlex Ltd.

# Where Product Innovation is a Passion

Since its inception in 1985, UFlex has been continuously creating new products for the changing times. Today UFlex is India's largest flexible packaging company and a global player. As a leading name among packaging solutions companies, it assists its customers in preserving freshness and maintaining shelf life of food products. Owing to this, UFlex is recognized as a pre-eminent name amongst printing and packaging companies in India. With its quality products, value creation for customers, quality innovation and customer satisfaction it has made its presence in USA, Canada, South America, UK, Europe, Russia, CIS countries, South Africa and other African countries, Middle East and the South Asian Countries. Some of its clients on the global turf include P&G, PepsiCo, Mondelez, L' Oreal, Britannia, Haldiram, Amul, Ferrero Rocher, Perfetti, GSK, Nestle, Agrotech Foods, Coca Cola, Johnson & Johnson among others. UFlex manufacturing facilities enjoy ISO & HACCP accreditations and its products are approved by FDA. **Rajesh Bhatia**, the Group CFO shares the impact as well as opportunities created by Covid-19 in a free-wheeling chat with *Indian Economy & Market*.

## “We continue to devise ways of keeping plastic in the economy and out of the environment”

### **It is believed that post-Covid-19 disruptions in the entire segment will be observed. Your take?**

COVID came as a total surprise and we all have been living through a black swan event. The pandemic brought in severe disturbances and disruptions in various businesses. Some battled the storm while some faced severe hardships. In case of UFlex, I am happy to share that we continued our operations

non-stop to ensure constant movement of essential items' supply chain, all of this backed with adoption of safety measures advised by the government. The epidemic has led to an increased demand for consumer product brands due to the safety and hygiene concerns. It has become essential to keep up with the requirements. COVID-19 has disrupted the traditional practices which were being followed, and

manufacturing companies had to figure out new ways to continue producing and delivering to their clients.

The last 6 months have already resulted in a lot of change in consumption habits and more and more people are buying products with health, hygiene and wellness aspects as part of their regular consumption. Example, liquid hand washes, immunity boosters etc. have become an integral part of the monthly grocery lists; there has been an addition of existing brands launching newer categories. This is evident by the number of new names we have added to our clientele and the surge in sales experienced in H1FY21. In fact, we had our highest ever quarterly turnover in Q2FY21.

**In changing times what strategy will the company follow?**

The pandemic has led to a shift in priorities towards health and hygiene and has resulted in rising demand for packaging across food, e-commerce and healthcare. We are regularly innovating and introducing newer products to suit the changing demand. As the world gradually regains normalcy, one needs to look at a long term strategy that is beyond the pandemic and bring the focus back on sustainability in plastic packaging. The consumer product brands are looking to recommit to their sustainability goals and they prefer to work with packaging companies that can help them achieve these green goals. Recognizing the gap and opportunities, UFlex has been scaling its investments in product and technologies to offer the best portfolio of green solutions and one that addresses the issue of plastic waste. The multilayer packs we manufacture are all recyclable and we have developed a biodegradable

technology that converts plastic waste into biomass. We also recycle PET bottles waste to make packaging films out of it and further use those films to make packaging products, thereby creating a circular economy. We are ready to launch our various biodegradability initiatives as we are absolutely sure of focus shifting back to sustainability in flexible packaging after the pandemic.

**There had been a flurry of activities since last 4 years in the sector UFlex is into. How the Company's businesses have been benefitted?**

With rising urbanization and changing lifestyle, the flexible packaging industry is continuously providing new and innovative cost effective packaging solutions, thereby replacing rigid packaging. With COVID-19 bringing in a behavioral and consumption change, packaging industry has gained further significance. Being the largest flexible packaging player in India, UFlex has led the industry on this growth journey. UFlex' business can be classified into two broad segments- *Packaging* and *Packaging Films*. The company has made significant strides in the domestic market driven by our growth in packaging business. Towards this, we have made substantial investments in pouching lines in Noida, set up our aseptic liquid packaging business Asepto and expanded the capacity of our holography business. With investments already made, we are looking at increasing the utilisation levels over next few years.

In case of

Packaging Films, our strategy has been to remain closer to our customer base and for that we had set up our plants in various geos outside India like Poland, Mexico, USA, Egypt and UAE. Assessing market needs, in our second phase of expansion in this segment, we are adding further global locations to our footprint and we are setting up three greenfield manufacturing facilities in Russia, Hungary and Nigeria apart from a brown field expansion in Poland. Russia plant started its commercial operation in Q2FY21 and as the rest of the new projects get commissioned, we are going to see substantial boost to our revenues and profitability.



**Rajesh Bhatia**  
Group CFO, UFlex Ltd

**How the volatility in crude oil prices is affecting the company?**

In FY20, we witnessed a steep downfall in the crude oil prices from about \$68.58/barrel in the beginning of the fiscal to \$32.20/barrel in the end. Now the crude oil prices have recovered from their historic lows and more or less stabilized. UFlex is largely insulated from this price volatility since the raw materials we procure is linked to benchmark crude indices.

**Now the FMCG and Pharma brands are focusing on recyclable and biodegradable packaging solutions. How the Company is moving in this direction to grab bigger pie?**

At UFlex, being environmentally sustainable is not just a wordy promise but a constant mindset. We have been committed to recycling for twenty plus years. With the onset of 'Project Plastic Fix' as a platform to show the world that plastic can be managed in a more sustainable way, we have brought together various methods like pyrolysis, recycling, green films and the development of biodegradable films together in order to create a solution for the future. Our range of films 'Ascelpius' with up to 100% post-consumer recycled content had already found a lot of takers in the industry, Glenroy and UPM Raflatac to name a few. Our new biodegradable film technology that turns uncollected MLP waste into biomass, when it comes in contact with soil, will be another revolution in the industry. Even across the value chain of products we offer, green technology has been the driving factor.

**Please brief about the new products launched in Pharma packaging?**

We have developed a whole host of cutting-edge and non-duplicable overt and covert technologies to address brand protection, such as

Fast Tear Strip Foil, PET based Cold Form Blister, Child Resistant & Senior Friendly Foil and Branding Solutions. The packaging solutions for pharmaceutical are complemented with holographic anti-counterfeit offerings such as Registered Holographic lens for cartons, Self-adhesive holographic product labels, Metalized Holographic PVC, Transparent Holographic PVC, Holographic Aluminium lidding foil, Holographic Stamping Strips for PVC, Alu foil, Shrink Sleeves & Alu-Alu foils, etc. We have also introduced a few healthcare solutions in the space of protective equipment to fight COVID spread like the Six-layered N95 Mask without valve, capable of filtering out bacteria and other particles greater than 0.3 micrometer, which also protects with higher resistance against splashes and PM 2.5. We have also joined hands with IIT-Delhi and INMAS, DRDO, Delhi to launch a PPE coverall called 'Flex Protect' made of 70 GSM which makes it very comfortable and flexible to wear, has 30% better breathability and four-layers of security that seals all the inlet ways and provides greater safety and ultimate protection to the wearer.

**How is the Engineering business of UFlex functioning?**

The growth of our Engineering Business is geared by innovation backed approach that complements the customers' packaging requirements. While the division was affected during initial onset of the pandemic and lockdown, it being a highly labour intensive business segment, the business gradually regained normalcy by end of Q1FY21. By the first half of fiscal 2020-2021, we have launched many new machines like secondary slitter ACCUSLIT-25 for efficient slitting of jumbo PET/BOPP and other films;

and a new Pouch Packaging Machine for efficient packing of 1 litre oil packs at a speed of 60 Packs per minute and with the ability to handle both virgin film as well as laminated films; a higher speed Collar Type Form Fill & Seal machine CT 120 for snack packaging that facilitates efficient vacuum pulling, smooth-motion cross & vertical seal technology that delivers superior quality seal with high seal integrity; and a Rotary machine for spice packaging that packs size of 15 gms to 25 gms at a speed of 300 to 400 packs per minute.

**You have been constantly pushing your own benchmarks. What is the secret behind this sustainability?**

Our innovations have made us the first company in the world to recycle mix plastic waste for which we were recognized at the Davos Recycle Forum in 1995. Our cutting edge products are provided to our clients in over 140 countries across the globe. The reason for this evolution has also been driven strongly by our internal ethos of striking a co-existence of innovation and sustainability and devise ways of keeping plastic in the economy and out of the environment. We spoke of sustainable packaging in the 1990s, when the world was following us closely. Today, that world-at-large has accepted us with open arms, because we saw the future then, and prepared for it. Our Chairman & Managing Director Mr Ashok Chaturvedi, for whom product innovation is a passion, is also the force behind this commitment towards development of customer focused solutions. As a company, we are determined to walk the talk and create uncompromised innovations that could meet not only our sustainability goals but also that of the brand owners we work with.