

# “Aseptic packaging market is moving from monopoly to oligopoly”



Uflex became the first Indian manufacturer to enter the aseptic liquid packaging technology space with the commissioning of its plant at Sanand, Gujarat. With this, the fully integrated flexible packaging materials and solution company is now gearing up for next phase of growth. **IPF** recently caught up with **Rajesh Bhatia**, Group President (Finance and Accounts) of Uflex Ltd, to know more about this and other trends in flexible packaging industry

## Where is the flexible packaging industry heading in India?

The flexible packaging industry globally is growing around 4-5 percent. In India, it is growing at over 20 percent and has the potential to impressively grow considering the per capita consumption of packaging in India is just about 4.9 kg as compared to in Taiwan, Germany and the US where it is as high as 19, 50 and 71 kg respectively. As our economy grows, consumerism is boosted and retail prospers, this gap will decrease.

In India, in value terms the flexible packaging sector is pegged at \$12-\$15 billion (out of the total packaging industry which stands at \$30- \$35 billion).

For the myriad benefits that are derived by flexible packaging in terms of light-weighting, down-gauging, sustainability, reduction at source, high product to package ratio, lesser energy utilisation at all the three stages of the product

lifecycle (ie manufacturing, transportation and disposal), there is no stopping for the flexible packaging industry hereon so to speak and the growth prospects are very promising.

## For Uflex, which are the key end-user industries?

We, being India’s largest fully integrated multinational flexible packaging materials and solution company, adopt a participatory approach. Our clients engage with our R&D teams to utilise our shop floor as laboratories to come up with path breaking packaging solutions. We are fully equipped under one roof to give end to end flexible packaging solutions to our clients. This is our biggest USP.

We also extend pre-press support in ideating and designing artworks for start-ups and brands that are at nascent stage of evolution. Given our robust sales and marketing network branched out in over 140 countries

across the globe, we are forever in touch with our customers and extremely responsive to their needs.

Since our film manufacturing facilities are located at strategic nodes across the country, we can offer ‘Just-In-Time’ deliveries to our clients at any part of the globe.

Our strength lies in our R&D and the time that we take from concept to execution to delivery is quite fast. In fact our speed to reach market is benchmarked in the flexible packaging industry that gives us the first mover advantage in the market much to the delight and convenience of our clients globally.

We provide wide range of solutions in the flexible packaging space. Major chunk of business for us comes from FMCG industry particularly food. We offer end-to-end flexible packaging solutions for solids, semi-solids, non-aerated liquids, powders, granules, pastes, gels and viscous fluids.

### Is Indian flexible packaging industry progressive, in terms of technology adoption & innovation?

The organised segment in the Indian flexible packaging industry is just about 10 percent which spends around 2-5 percent of its turnover for product development and process enhancement.

The unorganised sector can only get into a price lowering war for mass market products let alone any innovation and novelty. Since majority of the industry is in the shadow of unorganised sector, so a lot of duplication and plagiarism happens. Our holography business was specially conceived for providing top of the line brand protection and anti-counterfeiting solutions so that nefarious elements are not able to erode the hard earned brand equity of our clients.

On the other hand, the organised sector pays attention towards R&D and innovation. We create bespoke packaging solutions that are high on functionality; have optimised barrier properties; are superior in aesthetics; have impregnable anti-counterfeiting features and are fairly high on the sustainability quotient.

No two solutions that we create are likely to be the same. Such is the level of customisation that we bring to the table for our clients globally.

### What are the emerging trends in the packaging machinery industry?

There is increasing demand for pick fill seal (PFS) machines for preformed pouches compared to form fill & seal (FFS) machines. The packs can be doypack, pillow, quad seal, zipper, sliders etc.

Specialised pick fill seal machines for salted wafers are much in demand. These are largely imported, but now Uflex is making them in India too.

Aseptic flexi-poly-pouch filling machines are getting very popular. These machines have UHT chambers and special filling assembly that can enhance the shelf life of milk from 30-90 days (without cold chain)

depending upon the type of packaging film/substrate used.

### You have forayed into aseptic liquid packaging material manufacturing. What's your strategy out there?

Our aseptic liquid packaging material manufacturing plant has already been commissioned at Sanand, Gujarat re-affirming our commitment for Government's flagship scheme 'Make In India'. In fact, we are the first Indian packaging material manufacturer to enter the aseptic liquid packaging space, with our brand Asepto.

With this, we have completed our entire product bouquet which until recently spanned across end-to-end packaging solutions for solids, semi solids, pastes, gels, viscous fluids, powders and granular materials. Now with non-aerated liquid packaging material manufacturing, we have plugged the only remaining gap.

The Indian aseptic liquid packaging market is presently growing at 17-18 percent annually and the market is expected to double up in the next five years to approximately 20 billion packs per annum. Drawing parallels, China boasts of a tremendous growth story which has already reached approximately 80 billion packs. In India, with similar population the growth potential is huge.

The aseptic liquid packaging market in India easily has a scope to accommodate 3-4 players. Until now the market was being catered by one player. Now the market is clearly moving from monopoly to oligopoly. This is good for the customers as they will have more options and would not have to rely just on one vendor. With more players entering into this space yet more attention will be paid by packaging manufacturers towards quality, price, value for money and the overall innovation quotient.

Uflex has long standing business relations with almost all the food brands and have been pro-actively catering to their flexible packaging needs for various categories. With

our aseptic liquid packaging material manufacturing plant operational now, this existing relationship will only get stronger as the clients would consider procuring from us packaging solutions for their non-aerated liquid products too. I see this as a natural progression of our existing relationship with our vast clientele.

Our plant at full capacity will be able to manufacture 7 billion aseptic cartons. To begin with we will cater to Indian market. Aseptic liquid packaging manufacturing, along with path breaking innovations in other facets of flexible packaging, has the potential for taking Uflex to the next level of business excellence.

### What are your growth plans?

Considering the recent commissioning of our aseptic liquid packaging material manufacturing plant at Sanand, Gujarat, we have already made investments towards enhancing manufacturing processes and capacity utilization. With ongoing R&D initiatives that are underway towards offering fully integrated innovative end-to-end flexible packaging solutions, we could look at a consolidated top line of around Rs 9,000 crore in the FY 2020.

Any additional investments made towards the aforesaid activities will further give a boost to the top line over and above what has been projected and estimated currently. All our businesses - ie films (at all locations - India, UAE, Poland, Egypt, Mexico and the US); packaging material manufacturing; engineering; holography; chemicals and cylinders are heading towards optimal capacity utilisation.

We are serving to all top of the line brands and clients globally and this relationship is only improving by the days which further brightens our business prospects in the years to come. We are also planning to gain some strong toehold for our value added flexible packaging products overseas which will further strengthen our export position thereby positively impacting sectoral leadership and growth.