

## ANNEXURE – 'D' MANAGEMENT DISCUSSION AND ANALYSIS

### FORWARD-LOOKING STATEMENT

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

### MACROECONOMIC OVERVIEW

Crisis of the century - COVID-19 pandemic badly hit the world economy in 2020 and infected approximately 176 million, and killed close to 3.8 million people worldwide as per a latest report of BBC (**Source: <https://www.bbc.com/news/world-51235105>**). The pandemic led to a sharp decline in global trade and tighter liquidity conditions. GDP of many countries shrunk as people curtailed discretionary spending and focused on essentials and precautionary savings due to uncertainty. COVID – 19 pandemic inflicted humans and economy badly worldwide and necessary protection measures were necessitated. Governments around the world responded rapidly and rolled out the health and economic contagion of the crisis. The disruption caused by the pandemic has affected the human life and economic activity the world over during the financial year 2020-2021 and has resulted in recession. However, following the devastating health and economic crisis caused by the pandemic, the global economy appears to be emerging from one of its deepest recessions and beginning a subdued recovery in the last quarter of the Financial Year 2020-21. However, the world has entered into a new era of rapid global change driven by major shifts in demographics, wealth, technology, and climate. But economic growth has been uneven and the global outlook remains highly uncertain, with major risks around the path of the pandemic and the possibility of financial stress amid large debt loads. Controlling the pandemic at the global level will require more equitable vaccine distribution, especially for low-income countries. Global challenges — including fiscal strains on governments exacerbated by the COVID-19 pandemic, environmental degradation, resource depletion, and record levels of displacement — are threatening recent gains. These challenges are compounded by intensifying systemic risks, including trade tensions, rising debt levels, reduced effectiveness of monetary policy as a crisis instrument, and increasing inequality — among and within countries (**Source : <https://unctad.org/>**).

### 1. GLOBAL ECONOMY

The COVID-19 pandemic pushed economies across the globe into a Lockdown, which helped contain the virus and save lives, but also triggered the worst recession since the Great Depression. Effective policies and measures are essential to forestall the possibility of worse outcomes, and the necessary measures to reduce contagion and protect lives are an important investment in long-term human and economic health. Because the economic fallout is acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically. Internationally, strong multilateral cooperation is essential to overcome the effects of the pandemic. Many governments stepped up their emergency lifelines to protect people, preserve jobs, and prevent bankruptcies. During the end of the 2<sup>nd</sup> quarter of the year 2020 several countries had started to recover but in absence of a medical solution recovery was highly uncertain and the impact on sectors and countries was uneven. In spite of unforeseen impacts of the pandemic, the global economy seems to coming out from the depths, to which it had receded to during the Great Lockdown in April, 2020. After an unprecedented contraction in the first half of 2020, economic growth rebounded in Quarter 3. However, growth in Q4 moderated with GDP slowing to 4% and ultimately for the full year of 2020 GDP contracted by 3.5%. (**Source: <https://www.imf.org/en/Publications/WEO>**)

Global growth is projected at 6% in 2021, moderating to 4.4% in 2022. According to World Economic Outlook (WEO), the projections for 2021 and 2022 are stronger than in the October 2020. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021 and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions. (**Source: <https://www.imf.org/en/Publications/WEO>**)

As per the World Economic Situation and Prospects report by the U.N. Department of Economic and Social Affairs, developed economies shrank by 5.6 percent in 2020 are projected to recover 4 percent, while developing countries contracted 2.5 percent and are estimated to grow 5.7 percent in 2021. The U.S. and China are shaping up to be the main drivers of global growth in 2021. Household consumption and business investment have surged in both economies. Industrial production has rebounded in most countries, contributing to firming commodity prices and robust international trade. However, the U.S., China, and India are likely to be the only major economies (along with Indonesia and South Korea) that exceed pre-COVID-19 GDP levels by the end of 2021. In most other regions, the effects of the 2020 recession on both GDP and employment are likely to be longer-lasting (**Source : <https://unctad.org/>**).

The global economy will accelerate in 2021, though with significant variation around the world. The world will benefit from vaccinations, both directly in fewer illnesses and indirectly as lockdowns and fears subside. It will take most of 2021 and into 2022 for the full benefits of vaccination to be felt, and maybe even longer in developing countries. (**Source : <https://www.forbes.com>**)

Although global economic output was recovering from the collapse triggered by COVID-19, it will remain below pre-pandemic trends for a prolonged period. The pandemic has exacerbated the risks associated with a decade long wave of global debt accumulation. It is also likely to steepen the long-expected slowdown in potential growth over the next decade. In his Foreword, *World Bank Group President, David Malpass* notes that "Making the right investments now is vital both to support the recovery when it is urgently needed and foster resilience. Response to the pandemic crisis today will shape our common future for years to come. We should seize the opportunity to lay the foundations for a durable, equitable, and sustainable global economy. To accelerate sustainable economic growth and inclusion, developing countries must tackle a variety of related underlying challenges.

## 2. INDIAN ECONOMY

India too witnessed unprecedented disruption to live and livelihood with COVID-19 hitting it badly. The lockdown measures, imposed to contain the spread of Covid-19 pandemic in India, to some extent, yet ubiquitously affected employment, business, trade, manufacturing, and services activities. The impact of the pandemic and lockdown was disproportionately felt across industries. While industries such as hospitality and manufacturing were impacted immediately, the impact on the financial sector was felt with a lag, as is evident from the quarterly GDP numbers. However, anxiety about health and sporadic regional lockdowns continued to weigh on the services sector, whose recovery has been relatively gradual. After experiencing one of the world's tightest lockdowns and recording the deepest GDP contraction among G20 economies in the second quarter of 2020, the Indian economy started recovering. While agriculture has benefited from favourable weather conditions, manufacturing and services suffered. To mitigate damage caused by COVID-19, the government has responded with their stimulus packages.

The growth in India's real GDP during 2020-21 is estimated at -7.30 per cent as compared to the growth rate of 4.0 per cent in 2019-20., as per the economic growth estimates released by the National Statistical Office (NSO)(**Source: <http://www.mospi.nic.in/>**). The government had projected a GDP contraction of 7.7 per cent in its first advance estimate. GDP growth, however, is expected to rebound strongly in 2021-22 owing to the reform measures undertaken by the Government. The stimulus measures and reforms initiated by the Government and liquidity measures by the RBI are expected to support industrial activity and demand. The launch of Covid-19 vaccination programme in the country will further add momentum to the economic recovery. In line with the projections for strengthening of India's growth by multi-lateral institutions, the nominal growth of the economy is expected to be 14.4 percent in the financial year 2021-22 (**Source: <https://www.indiabudget.gov.in/>**). According to India's Economic Survey 2020-2021, India remained a preferred investment destination in financial year 2020-21. However, the RBI has projected GDP growth at 10.5 per cent for the financial year 2021-22 (**Source: <https://m.rbi.org.in>**) while IMF and World Bank puts it at 12.5 percent & 10.1 percent respectively.

## 3. INDUSTRY STRUCTURE & DEVELOPMENTS

Flexible packages are used for consumer and in industrial applications, to protect, market, and distribute a vast array of products. Flexible products include rollstock, bags, pouches, labels, wraps, lidding, shrink sleeves and stretch film. From convenience and durability; ease in opening and resealing; overall cost saving; and high portability, flexible packaging has cemented itself in the packaging world, and has undoubtedly become a key

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contributor to packaging industry growth. This popularity is largely based on frequent technology advancements in this field; good barrier properties of flexible films; light weight and portability which acquire much less space and make it cost effective.

Though, increased consumption of processed foods & beverages, innovation in flexible packaging are driving factors to boost in flexible packaging material consumption, yet fluctuating raw material prices and stringent regulation on packaging material waste hinder its growth to some extent.

Technological advancements in packaging plays a vital role in driving the growth of flexible packaging market. Advanced technology in packaging has allowed companies for innovation in products instead of sticking to traditional methods of packaging. Due to this, many companies are investing in R&D and are coming up with advanced flexible packaging products with barrier resistance properties that offer resistance against heat and moisture and eliminates oxidation of foods. Such properties prove effective in maintaining the quality and consistency of food products while extending their shelf life without the use preservatives. Recent advancements in materials and production processes have reduced the weight of some flexible packages by up to 50%, consequently lowering product shipping costs while maintaining or improving product protection. Flexible packaging offers various environmental advantages viz. low raw material consumption, low carbon footprint, and relatively low waste produced as compared to conventional packaging formats.

The Global Flexible Packaging Market was valued at around USD 230.00 billion in 2020, and it is projected to be worth around USD 290.00 billion by 2026, registering a CAGR of around 4% during the forecast period (2021 - 2026) (**Source: <https://www.mordorintelligence.com/>**). Technological innovation, sustainability trepidations, and attractive economics are among the reasons for the remarkable growth of flexible packaging in the last two decades, globally.

Owing to the rising focus on sustainability, traditional rigid packaging solutions are being substituted by innovative and more sustainable flexible packaging. The growing market demand for customer-friendly packages and high level of product protection is expected to boost flexible packaging as a viable and cost-effective substitute. E-commerce, digital printing, and sustainability are driving market development and growth. Customers are increasingly becoming willing to pay extra for certain products attributes boosted by flexible packaging. According to the Flexible Packaging Association, Flexible packaging is mainly used for food, cosmetics and pharma products. Beauty products manufacturers are also investing in eco-friendly packaging approaches to make more sustainable usage of plastics in the personal care industry.

The global flexible packaging market is estimated by size at 31.5 million tonnes in 2021, with the market having increased from 26.9 million tonnes in 2016 – an annual average growth rate of 3.3%. The global market is expected to grow by an annual average growth rate of 3.4% to 37.5 million tonnes in 2026 (**Source: <https://www.smithers.com>**) and by revenue it is expected to grow at a CAGR of around 4% during the period 2021-2026. The market is likely to experience growth due to the increased adoption of blister plastic films, aluminum foils, and pouches in the pharmaceutical industry. The wide adoption of blister material, replacing the glass and rigid plastics, has resulted in the high application of lidding films. Paper and plastic films are widely used in blister packs, followed by aluminum foil because of their cost-efficiency. The US pharmaceutical packaging market is the major revenue contributor. (**Source: <https://www.globenewswire.com/>**)

The growth in the flexible packaging industry in India is mainly driven by the food and the pharmaceutical packaging sectors. The large and growing Indian middle class, along with the growth in organised retailing in the country are fueling growth in the flexible packaging industry. Another factor, which has provided substantial stimulus to the packaging industry is the rapid growth of exports, which requires superior packaging standards for the international market. The Indian packaging industry is dominated by plastic flexible packaging. The traditional rigid packaging users have also been shifting to flexible packaging in recent times. According to industry sources, the main reason for this is that flexible packages are found aesthetically attractive, cost-effective and sturdy. Consumer preference for the use of convenient packaging and packaged products in affordable quantities in laminates is also one of the main reasons that have contributed to the growth of flexible packaging in India. The food-processing sector is the largest user of flexible packaging.

#### 4. BUSINESS REVIEW

##### (i) Films Business

Main products are BOPP Films, CPP Films, Polyester (BOPET) Films, Metalized, AlOx coated, Specialty films and Asclepius™ PCR (Post-consumer Recycled PET Resin) films.

The Company's OPP (Orientated Polypropylene) films comprising of BOPP (Bi-axially Oriented Polypropylene) and CPP (Cast Polypropylene) films are highly cost effective, functionally efficient, moisture resistant, high tensile strength and therefore have rapidly penetrated into high barrier sensitive packaging segment across the world. These films are primarily used for applications like packaging & conversion; industrial coatings; printing & lamination; encapsulation; overwraps (for CDs, cigarettes, cartons), confectionery packaging; anti-fog (for food products), textile bags; biscuit and sandwich overwrap amongst several others products. BOPP Film has high gloss and excellent clarity and therefore has good aesthetic appeal whereas controlled slop properties make it suitable to perform well on various Form Fill Seal (FFS). The company alongwith its overseas subsidiary manufactures BOPP films at its India and Egypt plant. In the fiscal 2020-21, the company's subsidiary Flex Films Egypt, undertook a brownfield expansion in Egypt with the commissioning of another 10.4 mt wide BOPP line. The company's foray into Hungary with a new BOPP Line through its subsidiary Company will give it the advantage of offering a portfolio mix of BOPP and BOPET films in the European Union region.

CPP film manufactured at Noida & Egypt is extremely dynamic and versatile with high gloss, better transparency, good heat seal-ability and twisting property, superior tear and puncture resistance. These factors pave way for its application in food wraps, packing bakery products, anti-wraps, anti-fog packaging, garment bags, retort packaging, deep freeze applications, etc. To meet the growing demand, the company has announced a CPP line each in South of India (Dharwad, Karnataka) and at existing facility of its Subsidiary in UAE.

BOPET (Bi-axially Oriented Polyethylene Terephthalate) Film is a polyester film using high quality resins and exhibits superior mechanical properties, improved resistance to chemicals, good barrier to oxygen, excellent receptivity to surface treatment & coatings and high resistance to abrasion. These films also have excellent dielectric properties, good flatness and coefficient of friction (COF), tear resistance and puncture resistance, excellent dimensional stability over a wide range of temperature, good resistance to common solvents, moistures, oil and grease and poses excellent barrier against a wide range of atmospheric gases among other benefits. BOPET is produced at the world-class film manufacturing plants at India, UAE, Egypt, Poland, Mexico, Russia and United States of America. The Company's subsidiary re-commissioned one of its BOPET lines from UAE to its new Russian plant, situated in Stupino district in Moscow region for catering to Russia & CIS markets. The Company has also added capacities of BOPET lines through its subsidiary in Poland, Nigeria and Hungary.

In India, the current cumulative capacity of Packaging films line with BOPET, BOPP, CPP is 92,000 TPA. It is after a gap of 16 years that the company is adding capacity domestically for packaging films by setting up a greenfield plant in Dharwad also have a BOPET and CPP line with cumulative production capacity of 63,000 TPA, enabling it to serve a large base of its clients located in South India. Consequent to the commissioning of all the Plant expansions, the total packaging film capacity (BOPET, BOPP & CPP) in India shall be 1,55,000 TPA and Overseas 4,36,000 TPA aggregating to a total capacity of 5,91,000 TPA.

Metallized films, manufactured at all film plants of the company and its subsidiaries, i.e. India, UAE, Poland, Egypt, Mexico, USA & Russia, are considered as ultimate solution for packaging a wide array of products requiring extended shelf life in various industries. AlOx coated transparent ultra-high barrier films manufactured by the company finds extensive use in stand-up pouches that offer 'see through' features to consumers at the point-of-sale (POS).

##### (ii) Flexible Packaging Business

The main products of this business are laminates made of various combinations of Polyester, BOPP, Poly, Metalized & Holographic films and others in roll form or various preformed pouches & bags of several sizes and profiles and laminated flexi-tubes. Also aligned with the core business of Flexible Packaging are allied

activities involving manufacturing of packaging and converting machines; rotogravure cylinders, flexo-printing press; flexo-polymer plates, elastomers & sleeves; inks & adhesives; and holographic materials and solutions.

The company has the technical ability, and innovative skills to engineer flexible packaging solutions with optimized barrier properties, superior aesthetics, enhanced functionalities; high eco-friendliness and infallible brand protection features. UFLEX is one of the global leaders producing bespoke world class flexible packaging solutions. The guiding factors of the company's business strategy are:

- Innovation to create value added differentiation;
- Proximity to customers;
- Speed to market reach for reaping the first mover advantage;
- Ability to offer end-to-end solutions across the entire flexible packaging spectrum;
- Ability to execute any quantum of order and ensuring just-in-time deliveries anywhere across the globe.

The company currently offers end to end flexible packaging solutions for the entire spectrum of product types which includes solids, semi-solids, powders, granular materials, viscous fluids, pastes, gels and Aseptic Liquid Packaging Material.

The past year was full of challenges, the pandemic brought in extraordinary circumstances although with its hands-on approach, the company stood strong to march ahead and take on markets' demand with zeal and vigor. Its plants operated at almost full capacity at all its locations worldwide. To meet the burgeoning demand for packaging materials from its patrons experienced due to a paradigm shift in consumer behavior, not only did the company continue non-stop production but also commissioned new projects in line with its plans to expand its business and manufacturing capabilities further, without de-prioritizing safety protocols and health of its personnel.

The fiscal witnessed **Flexible Packaging Industry** rise as the sunshine industry and coming to the rescue of essential industries of FMCG and Pharmaceuticals and other allied sectors, when the supply chain was severely impacted due to lockdown and logistical challenges. Because of the hazards attached to non-packaged products, the demand for pouching saw a surge led by personal hygiene, wellness, snacks, staples etc in the first half of the fiscal. Rising above all challenges, not only did the business ensure continuity of packaging products, it also launched several new formats of flexible packaging in laminates; resulting in sudden spike in company's packaging volumes. In the second half of the fiscal when demand for packaging became stable and conversations around sustainable packaging re-ignited, the business unveiled a host of new sustainable solutions such as - *Sustainable laminate structure with reduced plastic use, Packaging laminates using up to 20% Post-Consumer Recycled (PCR) PET Resin, High Barrier mono-polymer recyclable laminates both PE as well as PP categories and more. The business also customized water-resistance courier bags made of high-fibre brown kraft paper with special water-repellent coatings especially for e-commerce Industry, that are high seal and safe from counterfeiting.*

**The Cylinder Business** has been developing more and more eco-friendly solutions, added clients such as Reliance Retail and Nestle in the fiscal.

**The Engineering Business** has been manufacturing high-end machines in the segments of converting and packaging, like CI Flexo Printing, Rotogravure Printing, Form-Fill-Seal, Pick-Fill-Seal, Wrapping, Pouch-making, Slitters to complete the gamut of packaging (liquid, aseptic, solid, granular) and also recycling of flexible packaging waste. These machines are delivered in domestic as well as export markets. During the first half of fiscal, when spout packaging saw a sudden boom in demand during lockdown period, the Engineering Business made several modifications and innovations to the existing machine designs making it possible for UFLEX to supply both components as well as spout pouch variations, lending it an edge over competition. It also installed new machines to make all types of aluminum rollers for printing, laminating and slitting machines.

**Chemicals Business of UFLEX** manufactures liquid inks (solvent & water-based); laminating adhesives (water-based, solvent and solvent-less); ink binders, Polyols and specialty coatings (UV/UV-LED/EB) for flexible packaging, monocartons & graphic arts, labels and paper board segments of the Packaging Industry. In the fiscal that was marked by pandemic led disruptions and challenges, the business successfully advanced

its research on green chemistry and introduced interesting set of solutions for the packaging industry. The business entered newer geographies like Philippines, UAE, Russia and Nepal. Demand for its products were led by FMCG, Healthcare and E-commerce and Shoe/Foam segments. A landmark achievement for the business came in the form of its first ever patent it secured for a new process to derive Epoxy Ester Resin, another step in the direction of sustainability. UFLEX patented process for resin preparation ensures that no waste water treatment is required and also makes curing faster, unlike the conventional thermally cured Epoxy Ester resin. Furthermore, business also created several cost effective and innovative offerings that help customers reduce waste and energy costs. Few of these successful products introduced during the fiscal were- *High-quality UV LED curable Flexo inks for narrow web printing industry; Toluene and ketone-free single component coating lending an excellent paper/sand feel effect on PET, BOPP and PVC substrates; Water-based oxygen barrier coating for food packaging application; and Water-based adhesives for high-speed paper bag making machines.*

**The Holography Business** of UFLEX has always been ahead of the curve when it comes to offering cutting-edge anti-counterfeiting solutions with unique security features. Its five wins at SIES SOP Star Awards 2020 acknowledges the matchless brand protection technology and solutions it offers. It was once again chosen and certified by Indian Banks' Association (IBA) for printing of security products in the banking sector for another two years i.e, till March 2022.

### (iii) Aseptic Liquid Packaging Business

Signifying a highly successful year, the Aseptic Liquid Packaging from UFLEX took a quantum leap to double its production capacity at Sanand facility from 3.5 bn packs to 7 bn packs to cater to the growing global orders and to diversify its regional presence in India.

Asepto™, as is the Aseptic Liquid Packaging of UFLEX named, bagged orders from marquee global brands in the fiscal helping it strengthen its market share further in the segment and have a healthy order book.

### Some of the updates of product innovations and launches of the Company are listed below:

- I. **Innovative Solutions to Fight Pandemic:** As a response to COVID-19 and illustrating the power of its innovation capabilities, The Company developed a host of innovative solutions.
  - a. **Six-layered N95 mask to prevent COVID spread**
  - b. **FLEXITUBES in 30-200 ml size range to pack sanitizers**
  - c. **Flex Protect Coverall jointly developed with IIT Delhi & approved by DRDO**
  - d. **Easy tear structure for single-dose sanitizers**
  - e. **Alcohol-based dual purpose sanitizer**
- II. **Packing a Punch with Packaging for Big Brands:** The Flexible Packaging Business created interesting packaging formats for big brands and its product variants to suit brand requirements .
- III. **Bespoke Packaging Solutions to Boost Sustainability & Customer Experience:** The Company is revered in the industry for its customizable solutions for which its R&D collaborates with brands to identify their pain points and constantly creates new solutions. With its extensive market research, the company's Flexible Packaging business helped many brands give a new lease of life to their product packaging.
  - a. **Matt finish 3D pouches with value added features**
  - b. **Revamped structure for fast-food packaging**
  - c. **Spout packaging format for decoction coffee**
  - d. **New sustainable laminate structure with reduced plastic use**
  - e. **Water-resistance Courier Bags for Ecommerce Industry**
  - f. **Easy-to-peel strength pouches**
  - g. **Replaced PET in EVoH based BOPP film structure to make it a recyclable mono-polymer laminate**
  - h. **Special PET and PET based retort pouches** replaced previously used oriented nylon for packaging of pre-cooked rice. The replacement in structure has led to cost saving.

- IV. Pioneering Solutions by Cylinders Business:** The business bolstered its offerings to tap newer customers.
- a. **Rotogravure printing cylinder for watermark on steel sheets**
  - b. **Metal embossed sheets for home interior & out-of-home (OOH) platforms**
- V. Customized Solutions by Holography Business to Boost Aesthetics & Arrest Counterfeit:** The quest to constantly reinvent themselves to changing business landscape made the Holography business introduce a range of new solutions and products to serve across sectors.
- a. **Registered lens label for edible oil packs**
  - b. **Holographic film for ghee packaging**
  - c. **Holographic aluminium lidding foil for pharma industry**
  - d. **Holographic thermal film for books & publication**
  - e. **Token for paint industry**
  - f. **Patch embroidery with hot melt film for textile industry**
  - g. **CPP glitter film for décor**
  - h. **Digital foil for ink & varnish**
  - i. **Silver scratch film for packaging & labels industry**
- VI. Green Chemistry Advocating Sustainability:** From winning a patent to introducing green inks and adhesives, the Chemicals business took the lead in demonstrating use of sustainable practices and materials to make their products.
- a. **A new patent for process in the direction of sustainability**
  - b. **High quality UV LED Flexo ink series for narrow web printing**
  - c. **Water-based oxygen barrier coating for food packaging application**
  - d. **Solvent-based PU adhesive for velcro application**
  - e. **FLEXMATT paper effect OP ink**
  - f. **CI FLEXMATT, a two-component OPV**
  - g. **Single solvent-free adhesives with multiple hardeners (OH)**
  - h. **FLEXCOAT PC OPV 1009, a water-based playing card OPV**
  - i. **Toluene-free Inks for food packaging**
  - j. **A semi-film forming PU for surface & reverse inks**
  - k. **Side & bottom sealing adhesive for paper bags**
- VII. Simplifying Experience of Packing, Slitting, Filling & Sealing with Engineering Advancements:** The business engineered value-added machines that resulted in reduced downtime, enhanced efficiency and economies of scale.
- a. **Higher Speed Collar-type form fill seal machine for snacks packaging**
  - b. **A new variant of secondary slitter developed**
  - c. **Rotary machine foray into spice packaging**
  - d. **A machine that seals the bag and its counterfeiting challenges**
  - e. **Three new applications established in multi-track machines for sachet market**
  - f. **Solvent-less laminator with registered lamination**
  - g. **Non-stop turret based slitting machine for BOPP pancake**
- VIII. Strong on Barrier, Low on Carbon Footprint Films:** The Films business enriched the core of packaging with strong barrier properties and nourished the environment with green films.
- a. **Metal textured film for shelf-appeal**
  - b. **Ultra-low OTR PET film for food packaging**
  - c. **BOPET film for printing & lamination application**

- d. **Sealable & peel-able BOPET film with water-based coating for lidding**
- e. **High oxygen barrier BOPET film for dry & chilled food packaging**
- f. **Ultra-high barrier transparent Alox BOPP film B-ULX for dry food packaging**
- g. **Sustainable transparent high heat resistance BOPP film with exceptional oxygen blocking**
- h. **Outstanding barrier metallized BOPP film B-UHB-M suited for aluminum foil replacement**
- i. **Direct emboss-able polyester film F-EMB to boost aesthetics**
- j. **Transparent ultra-barrier BOPP film**
- k. **Metallised PET film for aluminum foil replacement**

## 5. MAKING A DIFFERENCE WITH ESG STRATEGEM

UFLEX is committed to converting good environmental, social and governance approach into practical and tangible actions. The company has been making considerable headway in its environmental blueprint. As part of its focus on reducing plastic pollution thus diminishing harmful impact on environment and doing well for the society, UFLEX has been aggressively building recycling infrastructures to give a new life to plastic, beyond its original use. Extending its efforts to keep plastic in the economy and out of the environment under its global sustainability campaign *Project Plastic Fix*, UFLEX in this fiscal proposed to set up a recycling plant each in Poland and Mexico.

At its Mexico facility, the company is setting up a rPET or PCR (Post Consumer Recyclate) line to upcycle post-consumer PET bottles waste into high recycled content polyester PCR films Asclepius™ for flexible packaging applications and also proposes to set up another PCPR (Post Consumer Plastic Recyclate) line to recycle post-consumer multi-layer mixed plastic waste to make molded, injection molded and extrusion molded components, both of which shall contribute to a circular plastic economy. In Poland, a plant to recycle post-consumer multi-layered mixed plastic waste has been proposed that will convert the waste into molded, injection molded and extrusion molded components.

Encouraged by the success in mitigating the piling plastic dumps in Delhi–NCR and giving them a second life with the installation of PCPR and PCR lines in Noida in 2020, UFLEX embarked on the plan to replicate these models at other locations, at an even larger scale. At Noida, the PCPR line for washing and recycling of multi-layered mix plastic waste has a capacity of 10,200 TPA whereas the PCR line can upcycle upto 9,600 TPA of PET bottles waste.

UFLEX, a key member of Multi-layer Plastic Films Sanitation Trust (MLPFST), is supporting Municipality of Bengaluru to install, operate and sustain Municipal Solid Waste (MSW) Sorting and Segregation Plant. The plant will separate and sort recoverable component such as plastic, glass, bottle, paper, carton from collected households waste using advanced technology including Artificial Intelligence (AI). The recovered plastic portion will be further recycled. The recyclate produced will be used to produce thousands of components both for the domestic as well industrial use.

UFLEX continued to accentuate its efforts towards incorporating ESG practices on all fronts. This was reflected in the progresses it made in this fiscal in expanding its green products and solutions range, to help customers accomplish their sustainability goals faster.

- In India, it started offering packaging laminates using up to 20% Post-Consumer Recycled (PCR) PET Resin. UFLEX is the only qualified company under Maharashtra's PCB notification on use of minimum 20% PCR in flexible packaging in non-food items.
- The company developed high barrier mono-polymer recyclable laminates in flexible packaging to enable easy and cost-effective recycling for brands.
- It developed a range of low on carbon footprint packaging films without sacrificing quality of film like F-MSH, F-TPS, B-THP & more. It also added chlorine-free films and films that replace aluminium foil with recyclable substrates, thus enhancing the sustainability percentage.
- For the e-commerce sector that saw a huge uptake in demand due to consumers' preference to buy goods from the confines of their home since the pandemic started, UFLEX developed highly durable and security-proofed water-resistance courier bags made of high-fibre brown kraft paper with water-repellent coatings.

- Chemicals form an indispensable part of any packaging. As a vertically integrated company with equal focus on sustainable offering across the line of businesses, UFLEX continues to develop a variety of green inks and water based inks that are permitted by the regulatory authorities and are safe to be used in packaging of consumables. Water based inks FLEXAQUA and UV LED sheet fed Ink series FLEXGREEN are some award winning green solutions it has been offering. In the fiscal, it developed 'Water based adhesive for paper bag making machines'; 'Two component solvent-free adhesives range with one resin compatible with three different hardeners for general to medium to high performance applications', 'Water-based overprint varnish for printing over paperboard', to name a few.
- Backed by strong R&D with an objective to create pioneering solutions, UFLEX made significant strides in developing tubes and laminate structures that use reduced plastic at source. In the case of eco-friendly paper based tube KRAFTIKA, it has been able to reduce the plastic component in the tubes' body by almost 60% of weight. Further developments are being done to reduce the plastic component in caps and shoulders.
- Their effort on enzyme based biodegradable packaging films has also made substantial progress and the new development is undergoing trials currently.

**6. HALL OF FAME**

The Company alongwith its Subsidiaries and Leadership have been honoured with several awards and recognition during the Year 2020-21, some of which are mentioned below:

- UFLEX was the *only packaging company* featured in top 250 of 'Fortune India 500 Largest Corporation 2020' list.
- FlexFilms USA won Packaging Gateway Excellence Awards 2020 in 'Best COVID-19 Response' category for successful continuity of business during the pandemic.
- Recyclable PE/ PE Laminate by UFLEX for Primark Wet Wipes was conferred with AIMCAL 2020 Awards highest honour of 'Sustainability of the Year' and for 'Technical Excellence'.

- UFLEX CMD Ashok Chaturvedi was honoured with 'Inspirational Leaders of India 2020' title by global consulting firm White Page International.
- UFLEX won Packaging Gateway Excellence Awards 2020 in the category 'Environmental Impact' for driving the circular economy with its path-breaking technology to recycle MLP packaging homogeneously.
- AIMCAL 2020 Awards for 'Product Excellence' was presented to FLEXITUBES for *Clariss Organic Face Wash*.
- AIMCAL 2020 Awards for 'Technical Excellence' to UFLEX 4D Bags with handle for *Royal Gold & Rice King*.
- Three inventions from FlexFilms USA were adjudged winners at WorldStar Packaging Awards 2021 hosted World Packaging Organisation (WPO) :-
  - Ultra-soft super durable BOPET film F-STF in the category *Luxury Products*,
  - Asclepius™ PCR based BOPET film in *Food Packaging*,
  - Metallized high barrier BOPET film F-HBP-M in *Food Packaging*.
- UFLEX products won the highest number of awards at the SIES SOP Star Awards 2020 across multiple categories :-
- In *Flexibles*
  - High hermetic seal ultra-low SIT white CPP film 'C-CWU' for mono-material sustainable packaging solutions
- In *Product Packaging*
  - Holographic PVC pharma blister pack for Sumo by Alkem Laboratories

- High barrier recycling laminate for Polly Peanotter
- ASEPTO tamper-proof packaging for Wave Distillers
- Transparent UV HRI holographic film for carton packaging
- In *Packaging for Non-Packaging Applications*
  - Dhoop Chhao textile printing foil
  - Cylinders for flower design by hand-embossing effect
- In *Ancillary Packaging Materials*
  - Flexseal blister coating for blister packaging
  - Solvent-free polyurethane adhesive with 3OH component for packaging
  - Water-based ink FLEXAQUAPAP for food wrap
- In *Labels*
  - Registered lens technology with holographic labels for edible oil brand *Sona Sikka*
- In *Academics / Students / Education*
  - Printing security documents for education sector
- Asepto from the house of UFLEX was awarded with 'The Most Admired Brand of 2020' title by White Page International. Its President & CEO Ashwani Sharma was honoured as one of the 'Inspirational Leaders of India 2020' by them.
- UFLEX was recognized by NOIDA Authority for its innovative and sustainable business practice to make NOIDA a clean, swachh & sustainable city.
- The Films Business in India was declared Platinum winner at 8th Exceed Occupational Health, Safety Award 2020 for 'Outstanding Achievement in Industrial Safety' category hosted by Sustainable Development Foundation in support with Ministry of Labour & Employment, Government of India.

**7. FINANCIAL & OPERATIONAL PERFORMANCE- OVERVIEW**

(Rs. in Crores)

	2020-21		2019-20	
	Consolidated	Standalone	Consolidated	Standalone
Total Income	8914.87	4655.41	7431.62	4152.36
Profit before Finance, Cost, Depreciation & Tax	1826.99	766.03	1108.84	616.42
Profit before Tax	1142.19	354.10	480.86	182.17
Profit for the Year	842.90	230.44	369.82	143.27

**8. OPPORTUNITIES, KEY TRENDS & THREATS**

**Opportunities**

As an industry, Flexible packaging is robust and growing rapidly, with innovation, sustainability, and market differentiation driving growth. It is a trend that continues to gain great popularity. Technological advancement in flexible packaging materials make them suitable to far more consumer products today.

Changing the lifestyle of consumers along with rising demand for products that offer ease of convenience are the key attributes prompting the demand for portable packaging solutions. The packaging sector in India is expected to increase from 307.8 billion units in 2019 to 422.3 billion units in 2024, at a compound annual growth rate (CAGR) of 6.5% during 2019-2024 as per GlobalData's report, "India Packaging Industry Trends and Opportunities" (**Source: [www.globaldata.com](http://www.globaldata.com)**). The growth in the flexible packaging industry in India is mainly driven by the food and the pharmaceutical packaging sectors. The growing Indian middle class, along with the growth in organised retailing

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in the country, alongwith the rapid growth of exports requiring superior packaging standards for the international market is giving stimulus to flexible packaging. Also flexible packages are aesthetically attractive, cost-effective and sturdy.

Introduction of new regulatory initiatives and growing concerns regarding the use of bio-degradable plastics for flexible packaging and its impact on the environment have also driven manufacturers to develop sustainable packaging options that are safe and secure. In order to reduce the cost pressure and maintain the integrity of product packages, manufacturers are considering sustainable packaging solutions that require fewer materials and energy to manufacture a package, reduce transportation expenses, and offer extended shelf-life to the product. The following key dynamics are also setting the growth of Flexible Packaging Industry:

- Owing to the rising focus on sustainability, traditional rigid packaging solutions are being substituted by innovative and more sustainable flexible packaging. The growing market demand for customer-friendly packages and product protection is expected to boost flexible packaging as a viable and cost-effective substitute.
- E-commerce, digital printing, and sustainability are driving market development and growth. Customers are increasingly becoming willing to pay extra for certain product attributes boosted by flexible packaging. For instance, according to the Flexible Packaging Association, a huge percentage of consumers in North America are keen to pay more for tangible and functional packaging benefits, such as product protection, shipping friendly, and supply chain efficacy, among others.
- According to Flexible Packaging Association, demand for flexible packaging products is continuously increasing in pharma & cosmetic products.
- Beauty products manufacturers, like L'Oréal and Unilever, are also investing in eco-friendly packaging approaches to make more sustainable usage of plastics in the personal care industry.

#### **Flexible Packaging: Market Dynamics**

##### ***Driver: Cost-effectiveness and Increased product shelf-life***

Due to busy lifestyles, the demand for convenient products has increased, thus leading to a rise in demand for flexible packs. Flexible plastic packaging requires fewer resources and energy for packaging; hence, flexible packs are available at low costs and occupy 35% less retail shelf space, rendering them cost-effective as compared to other forms of packaging. Additionally, there has been a gradual shift in consumer choice from traditional methods of preparing food at home to buying packaged products (**Source: <http://packagingnewsletter.com/>**)

##### ***Significant increase in the packed food products during COVID-19 pandemic***

During COVID-19 pandemic, people are resorting to panic-buying and bulk stocking daily staples, FMCG, and fresh food through e-commerce & online channels due to fear of lockdown, which leads to an increase in the demand for flexible plastic packaging solutions.

##### ***Pouches widely preferred for flexible plastic packaging***

The pouches segment is projected to be the largest market for flexible plastic packaging. Primarily because of the increase in the demand for these type across various applications in food, beverage, pharmaceutical, and personal care & cosmetic industries. The increase in the demand for pouches can be attributed to the rise in the demand for lightweight and convenient packaging solutions.

##### ***APAC region to lead the global flexible plastic packaging market by 2025***

The APAC region accounted for the largest market share in 2019. Factors such as improving global economy, expanding working population, rising domestic demand for ready-to-eat & convenience food products are expected to boost the market for flexible plastic packaging. The market for flexible plastic packaging in APAC is growing in the food, beverage, pharmaceutical, and personal care & cosmetics industries due to the functional properties offered by flexible plastic packaging, such as safety, cost-effectiveness, durability, strength, lightweight, environmental-friendliness, and handling convenience.

##### ***Threats***

##### ***Poor Infrastructure facilities for recycling***

Recycling of plastic packaging waste is a process that requires time consuming state-of-the-art infrastructure facilities. However, some parts of the world lack these facilities for recycling. Even in developed countries such as the US, the problem of sub-standard infrastructure for recycling persists. Every year, in the US itself, recyclable containers worth more than USD 11 billion are thrown away due to a lack of recycling facilities. According to the UN Environment Programme, the world produces around 330 million tons of plastic waste each year. To date, only 9% of the plastic waste ever generated has been recycled, and only 14% is collected for recycling now. The existing machinery infrastructure is ill-equipped to handle plastic waste. **(Source: <https://www.marketsandmarkets.com/>)**

#### ***Immense Competition from the domestic and international player***

The Flexible Packaging Market is highly competitive owing to the presence of multiple vendors in the market. The market appears to be moderately concentrated with the major players adopting strategies such as product innovation, mergers, and acquisitions in order to stay competitive in the market.

#### ***Regulatory constraints***

Due to stringent government regulations, changing consumer preferences, and environmental pressures, manufacturers are steering their strategies toward circularity and leveraged new plastic technologies to develop recyclable and sustainable solutions that include specific properties such as oxygen, moisture, light, puncture, and chemical resistance, and easy-tear propagation. Key focus areas for manufacturers include the development of alternative bioplastics solutions such as polybutylene succinate and biopolypropylene, along with the price and disposal of bioplastics.

#### ***Global Pandemic***

With the recent outbreak of COVID 19, the flexible packaging manufacturers are facing supply chain disruption along with decreasing manufacturing at the site in many parts of the world. To ensure the smooth flow of supply chain, the global food safety initiative (GFSI) certification programs are providing six-month certificate extensions by conducting a remote audit and risk assessment pertaining to COVID-19 such that the company can approve a new supplier location without an on-site audit to meet the demand **(Source: <https://www.globenewswire.com/>)**. These are continually evolving and changing trends that can be very challenging for companies since they require change and innovation,

## **9. FUTURE OUTLOOK**

The global flexible packaging market is likely to experience growth due to the increased adoption of blister plastic films, aluminum foils, and pouches in the pharmaceutical industry. The wide adoption of blister material, replacing the glass and rigid plastics, has resulted in the high application of lidding films. Paper and plastic films are widely used in blister packs, followed by aluminum foil because of their cost-efficiency. New and advanced blister machinery can pack anywhere between 900 and 1,300 blister packs per minute. The US pharmaceutical packaging market is the major revenue contributor with more than 40-45% approximately of the global pharmaceutical market in value and will contribute to approx. 45% to the global market growth during the period 2021-2026 **(Source: <https://www.globenewswire.com/>)**.

The following factors are likely to contribute to the growth of the flexible packaging market:

- Increased Focus on Sustainable Flexible Packaging
- Profit Volatility in APAC Region
- Usage of High-barrier Plastic Packaging Materials
- Increasing Adoption of Flexible Packaging over Rigid Packaging

The global flexible plastic packaging market size is projected to grow from around USD 230 billion in 2020 to USD 290.00 billion by 2026, at a CAGR of around 4% from 2020 to 2026. The flexible plastic packaging market is expected to witness significant growth in the future due to its increased demand in end-use industries, such as food, beverage, cosmetic & personal care, and pharmaceutical. Growth in modern retailing, high consumer income, and acceleration in e-commerce activities, especially in the emerging economies, are likely to support the growth of the flexible plastic packaging market during the forecast period.

### ***Novel coronavirus (COVID-19) impact on global flexible plastic packaging market***

The global flexible plastic packaging market witnessed a mixed impact in its growth rate in 2020-2021, as the packaging industry witnessed a significant disruption in its production due to lockdowns of varying types aimed at containing the spread of the virus globally. However, there is an increase in the demand for flexible plastic packaging for food, beverage, and pharmaceutical applications for product packaging during COVID-19 as people are resorting to panic-buying and bulk stocking daily staples, FMCG, and fresh food through e-commerce & online channels due to fear of lockdown, which leads to an increase in the demand for flexible plastic packaging solutions. Governments of many affected countries, for instance, India, have asked the food industry players to ramp up production to avoid supply-side shocks and shortages and maintain uninterrupted supply. FMCG companies are responding by demanding more of flexible plastic packaging products.

The demand for flexible plastic packaging in the pharmaceutical industry, is expected to remain robust as hospitals, drugs, and PPE manufacturers are responding to the crisis. The demand for household essentials, healthcare, and medical goods is not expected to decrease dramatically, and retail distribution for these types of products through online delivery is expected to increase.

## **10. INTERNAL CONTROL SYSTEM, THEIR ADEQUACY AND OPERATIVE EFFECTIVENESS**

The Company has an adequate system of internal controls in place. It has documented policies and procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

Some significant features of the internal control of systems are:

- The Audit Committee of the Board of Directors, comprising of independent directors and regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards as well as reasons for changes in accounting policies and practices, if any;
- A well-established, independent, multi-disciplinary Internal Audit team operates in line with governance best practices. It reviews and reports to management and the Audit Committee about compliance with internal controls and the efficiency and effectiveness of operations as well as the key process risks.

The Company has also laid down an adequate system for legal compliances. It has created appropriate structures with proper delegation of duties and responsibilities for employees at each level on enterprise basis which ensures proper adherence and compliance of such systems.

Both the Internal Financial Control and Enterprise Legal Compliance Systems are subject to review by the Management in respect of their adequacy and operational effectiveness. These systems in turn are also reviewed by the Internal Auditors, Statutory Auditors and the Audit Committee.

## **11. RISK MANAGEMENT**

In order to remain competitive and ensure sustainable success, UFLEX continuously monitors the macroeconomic environment and developments in the flexible packaging industry as well as internal processes to identify risks. Risk management is an essential part of the internal control system of the Company and an active means to analyze and manage opportunities and threats related to the business strategy and operations. Risk may be caused by the Internal and External factors and the occurrence of certain catastrophic acts. These may impair the assets of the Company which may adversely influence the achievement of organization strategies, operational & financial objectives, earning capacity & financial position.

The Company recognizes that enterprise risk management is an integral part of good management practice. The effective risk management involves safeguarding the assets of the Company, achievement of organizational goals and protecting the earning capacity and financial position of the Company

The Company has formalized & documented a detailed Manual on Internal Financial Control covering each activity involving Financial and Operational transactions, the probable risk underlying those activities and the control tools to prevent such risks either through manual or automated process.

Similarly, the Company has also formalized & documented a detailed Manual on Legal Compliance System listing all applicable laws, defining of responsibility centers for necessary compliances thereof and the compliance tasks to be performed under each applicable laws.

As Management is primarily responsible for the designing, implementation, maintenance, adequacy, monitoring & control mechanism and the operating effectiveness of the Internal Financial Control & Legal Compliance Systems, the Company has created appropriate structures with proper delegation of duties and responsibilities of employees at each level on enterprise basis for the compliances thereof. They also review periodically the adequacy of the enterprise level Internal Financial Control and Legal Compliance System in view of changes in business environment, technological changes & regulatory & legal changes and also based on the suggestion by the Internal Auditor, Statutory Auditors & Audit Committee.

Both the Internal Financial Control and Legal Compliance System are subject to review by the Internal Auditor on quarterly basis. They review the adherence, adequacy and effectiveness of the Internal Financial Control operating in the Company and Legal Compliances by the Company of the applicable laws. Based on their review they submit detailed reports covering their suggestions, recommendations & observations to the management and the Audit Committee.

The detailed Audit Reports of the Internal Auditors are reviewed by the Audit Committee comprehensively with the Management and the Internal Auditors. Based on their review, they make necessary directions if any to the Management and / or to the Internal Auditors for the actions / steps to be taken by them. The brief of the report is also given to the Board by the Chairman of the Audit Committee.

All the Financial, Operational and Legal risks associated at transactions and operational levels are taken care through the above systems. In addition to these, there are other risks which arise during the course of decision making on strategic and corporate financial matters of the Company.

The Company has identified following nature of risks which may be associated with the decisions on Strategic & Corporate Financial matters of the Company.

- Political, Social and Economic Risks
- Market Risk
- Technology Selection Risk
- Capital Structuring Risk
- Exchange & Interest Rate Risk

The management of the Company evaluates the above risks before taking any decision on strategic & corporate financial matters. A detailed report is submitted by the management on these matters to the Audit Committee and the Board for their review.

On the basis of the aforesaid Risk Management Process followed by the Company the Risk Management Committee & Audit Committee review & evaluate in detail the establishment and adherence of the Company's Enterprise Risk Management System and also review & evaluate the adequacy and efficacy of the same.

The Board reviews the recommendation of the Audit Committee on the establishment, adherence, adequacy and efficacy of the Company's Enterprise Risk Management framework.

**12. COMPANY'S STANDALONE AND CONSOLIDATED FINANCIAL PERFORMANCE & ANALYSIS**

**Results of Operations**

(Rs. in Crore)

Particulars	STANDALONE		CONSOLIDATED	
	Year ended 31-Mar-21	Year ended 31-Mar-20	Year ended 31-Mar-21	Year ended 31-Mar-20
<b>INCOME</b>				
Revenue from Operations	4635.06	4069.71	8890.76	7404.84
Other Income	20.34	82.65	22.80	28.47
Share in Profit of Associates for the Year	--	--	5.66	3.2
Share in (Loss) of Joint Venture for the Year	--	--	(4.35)	(4.89)
<b>Total Income</b>	<b>4655.41</b>	<b>4152.36</b>	<b>8914.87</b>	<b>7431.62</b>
<b>EXPENDITURE</b>				
Cost of Materials consumed	2632.28	2482.62	4680.67	4294.65
Purchase of Stock-in-Trade	17.16	9.67	58.83	9.67
Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade	58.56	(81.39)	(32.50)	(47.93)
Employee benefits expense	459.17	461.93	798.98	725.59
Other expenses	747.92	674.55	1609.49	1356.09
Expenses Allocated to Self Constructed Assets	(25.71)	(11.44)	(27.59)	(15.29)
<b>Total Operating Expenses</b>	<b>3889.38</b>	<b>3535.94</b>	<b>7087.87</b>	<b>6322.782</b>
<b>EBIDT</b>	<b>766.03</b>	<b>616.42</b>	<b>1826.99</b>	<b>1108.84</b>

Segment-wise performance has been disclosed at Note No- 44 of the financial Statement

**13. SIGNIFICANT CHANGES IN FINANCIAL RATIOS**

During the year, the significant changes in the financial ratios of the Company, which are more than 25% as compared to the previous year are summarized below:

**Consolidated Basis**

Financial Ratio	FY 2020-21	FY 2019-20	Change (%)	Reason for change
Interest Service Coverage Ratio (Times)	7.98%	4.93%	62%	Improvement in operating profit by 65% on yoy basis led to an increase in ISCR
Operating Profit Margin	20.50%	14.90%	37%	Improvement in Operating Profit by 65% on yoy basis led to an increase in Operating Profit Margin
Net Profit Margin	9.50%	5.00%	90%	Improvement in Net Profit by 128% on yoy basis led to an increase in Net Profit Margin
Return on Net Worth	16.50%	8.20%	100%	Improvement in Net Profit by 127% on yoy basis led to an increase in Return on Net Worth

**Standalone Basis**

Financial Ratio	FY 2020-21	FY 2019-20	Change (%)	Reason for change
Interest Service Coverage Ratio (Times)	5.03%	3.57%	41%	Improvement in operating profit by 24% on yoy basis led to an increase in Interest Service Coverage Ratio
Net Profit Margin	5.00%	3.50%	43%	Improvement in Net Profit by 61% on yoy basis led to an increase in Net Profit Margin
Return on Networth	9.70%	6.50%	50%	Improvement in Net Profit by 61% on yoy basis led to an increase in Return on Networth

**14. HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATIONS**

The Company considers its Human Resources Development a critical factor to its success and continuously focuses on its development with various people initiatives. The learning and development framework focuses to enhance adherence to operating & business processes. The Company strives to encourage diversity in workforce and believe in building the career of its employees through focused interventions. It encompasses all aspects of people management, communication and is pivotal in building a positive culture. Learning opportunities contribute to better employee engagement, increased productivity, reduced employee turnover and add to a more positive culture. Operating processes for entire business operations are constantly reviewed for improvement keeping the customer delivery in mind. These processes are being kept at the center for training the workforce as the Company believes that multi-skilled workforce is the first and most critical element to the success.

The Company endeavors to ensure the well-being of all its employees. The safety, health and work life balance of employees are extremely important. As it is evident that the pandemic has spread every corner across the globe and affected the human life in every way, the Company has taken various measures to take care of the livelihoods of its employees, their safety and security. The steps include providing masks, hand sanitizers, disinfectants, conducting regular temperature checks and being very vigilant on workers and essential visitors at our operational facilities. The Company has also emphasized on providing medical facilities to workers inside the factory premises, and sanitization and disinfection across its work facilities.

The Human Resource Development continues to be focused on improving employee productivity, reducing employee cost and building necessary skillsets whilst building employee motivation through varied employee engagement initiatives. To augment technical strength in existing business areas, various technical trainings covering existing business are being conducted on a regular interval. The Company had 6436 permanent employees in Indian Operations as on 31<sup>st</sup> March, 2021. The Company maintains healthy, cordial and harmonious industrial relations at all level and in the Financial Year 2020-21, industrial relations across the Company were cordial & harmonious.

**15. ENVIRONMENT, OCCUPATIONAL HEALTH & SAFETY**

The protection of environment and the health and safety of its customers, its people and the communities in which we live and operate is an integral part of Company's mission to become the best among the global players in the flexible packaging industry. The Company is fully committed to providing a safe and healthy work environment in all its manufacturing units across the globe. It is Company's firm belief that safe and healthy workplace not only boosts people's morale but is also a precondition for greater productivity at workplace and keeping its business operations environmentally sound. The Company will seek to continuously improve its practices in light of advances in technology and new understandings in environmental science, health and safety. The collective endeavor of the Company's employees at all levels is directed towards sustaining and continuously improving standards of environment management, and occupational health & safety in an endeavor to meet and exceed international benchmarks. For fulfilling the obligation of providing a safe and healthy work environment, the Company continually work towards identifying, assessing and managing environmental impacts and health & safety risks of all activities & products.