



One of the four BOPP lines installed at Max Speciality Films' site

Max Speciality Films plans strategic expansion

Indian manufacturer Max Speciality Films is taking a stand at Labelexpo Europe for the first time as the company announces major expansion plans for its labels and packaging films business. Aakriti Agarwal reports

Max Speciality Films was started in 1989 as Maxon Ltd. It subsequently became a subsidiary of Max India Group, a Rs 12,000 crore (2bn USD) conglomerate. The company manufactures specialty films for flexible packaging in a factory spread across 32 acres in Ropar industrial area near Chandigarh. The plant houses four lines each of BOPP and metallizers and three thermal coating lines. The company commissioned its first BOPP line in January 1990; others followed in 1996, 2007 and 2010 to take the total production capacity to 54,000 tons per annum.

“Currently about 18 percent of turnover is contributed by in-mold labels and 12 percent by pressure-sensitive labels”

BOPP films and flexible packaging were new to the Indian industry when the company started production, but Max Speciality Films quickly established a reputation for quality, secured marquee customers and was making profit within three to four years.

Max India Group announced demerger plans on January 27, 2015, to focus more clearly on vertical markets (see boxout). Max Ventures and Industries will be the holding company for Max Speciality Films and any other new ventures. The creation of an industrial vertical reaffirms the group's commitment to the BOPP market and its belief in the Prime Minister's 'Make in India' campaign.

Max Speciality Films manufactures films catering to food, non-food and industrial market segments. Jaideep Wadhwa, CEO, says: 'Since our current capacity is fully utilized, we are currently evaluating the Indian and other key manufacturing bases globally to assess the viability and appropriate timing for capacity expansion.'

The company has invested heavily in a research and development lab for its specialty products and will also seek strategic partnerships to enter new markets and consolidate its existing position. The company's Product Application and Business Development (PABD) department, comprising a team of 20 people, has created a technology roadmap for new developments.

Product range

Max Speciality Films' business model has always emphasized specialty and differentiated products. Sanjeev Yadav, general manager, product, application and business development, says:



Secondary slitter with finished products in the factory



Max Speciality Films' plant located at Ropar industrial area near Chandigarh



Jaideep Wadhwa, chief executive officer, Max Speciality Films

'We were the first BOPP company in India to install a metallizer and a thermal coating line at our plant. These technologies enabled us to offer differentiated value proposition to our customers.'

The company's specialty film sales have increased by 1.4 times in 2014-15 compared to 2013-14. Wadhwa adds: 'A strategic council decides every year what's specialty for us. Our definition of specialty is a product that addresses unmet customer needs and problems. Any product that can be supplied by several other BOPP companies in India is not specialty for us.'

The company is focusing on high and ultra-high barrier metallized films, transparent barrier films, pressure-sensitive labels, anti-skid, low density cavitated wraparound films, cold seal release films, matt films and high seal integrity films suitable for high speed machines. 'Our wraparound labels and overwrap films are established products and we are the largest supplier of wraparound label and tobacco overwrap films in India. Ultra high barrier metallized films and high seal integrity films are two new products that provided inroads into the evolving packaging market, says Yadav. The company is also rapidly expanding its portfolio of specialty thermal films.

The Indian market is demonstrating an increased demand for films with enhanced barrier properties for packaging of dry fruits, meat products, pet foods and dairy food. With the latest machinery, the ability of film to run on high speed presses is also critical. Wadhwa says: 'I feel that enhanced barrier packaging will make inroads into the Indian market and rigid packaging will partially be replaced by semi-flexible packaging.'

New barrier film products are also helping customers to replace aluminum foil in selective applications IML films have enabled the company to make inroads into the injection and blow molding industry.

In the label market, wraparound labels remain the biggest segment for Max Speciality Films, accounting for 70 percent of the company's label production. But it is growing in the pressure-sensitive label and in-mold labeling markets. Alok Kumar, head of export business development, says: 'Currently about 18 percent of turnover is contributed by in-mold labels and the remaining 12 percent by pressure-sensitive labels. The mix will change dramatically in

"The company's specialty film sales have increased by 1.4 times in 2014-15 compared to 2013-14"

coming months.'

Exports

Max Speciality Films clocked a turnover of Rs 746 crore (119.4m USD) in the 2013-14 financial year. Exports contribute 30 percent of Max Speciality Films' turnover. Thermal laminated films account for around 70 percent of exports. The company supplies wraparound labels to the Americas, Middle East, Australia, Europe, South Africa and SAARC countries.

Says Wadhwa: 'The ability of Indian companies to export specialty products has been limited in the past. However, this is changing. Our growth is not because the primary markets are growing but because our quality and services are now more comparable to international companies.' Max Speciality Films boasts multiple certifications including ISO9001, ISO14001, OHSAS18001 and BRC and all its products comply with FDA, EU and REACH regulations. With focus on operational efficiencies, the company uses various methodologies such as Kaizen, 5S, CAPA and SPC for continuous improvement. A lean six sigma drive is being undertaken at the factory to eliminate waste across value chains.

Wadhwa says: 'We are expanding our reach where we see the demand for specialty films and not necessarily by geography. For instance, Middle East has some requirement of specialty films but we don't see demand in Sub-Saharan Africa. We are strengthening our presence in South-East Asia for specialty films.' The company also aims to increase its customer base in North America with thermal lamination and BOPP specialty films.

Kumar said, 'We are focusing on countries in North and South America as well as Europe for in-mold labels and the Americas for pressure-sensitive labels as we see demand for these products in these markets.'

Max Speciality Films will showcase its product range on stand 11D48 during Labelexpo Europe.

New structure

On January 27, 2015, Max India Group announced demerger plans. The three new entities after the completion of restructuring will be Max Financial Services, Max India and Max Ventures and Industries. The de-merger is expected to come into effect in October 2015. Max Financial Services will be the holding company for Max Life Insurance and Max India will be the holding company for Max Healthcare, Max Bupa and Antara Senior Living. Max Ventures and Industries will be the holding company for Max Speciality Films and new ventures. The restructuring of Max India will see its cash reserves of Rs 605 crore (96.8m USD) getting split between these three entities. While Rs 400 crore (64m USD) will be held by Max Healthcare vertical; Rs 150 crore (24m USD) will go to Max Financial Services. Max Ventures and Industries will get Rs 10 crore (1.6m USD).

Wadhwa reveals: 'Our aim is to showcase the capability of our company. We understand that specialty business could take time to come through but we have a long-term view.'

Products on show will include PS labels (cavitated, transparent metallized and cavitated matt and PET opaque), IML (high density, low density and orange peel), wraparound standard and metallized, high barrier films which can replace foil, high seal integrity film for high speed machines, transparent films, lap seal, anti-skid films, and cavitated metallized films among others.



For more information on Max Speciality Films' de-merger announcement, refer to <http://forbesindia.com/article/special/max-india-to-split-into-three-separate-listed-companies/394671>