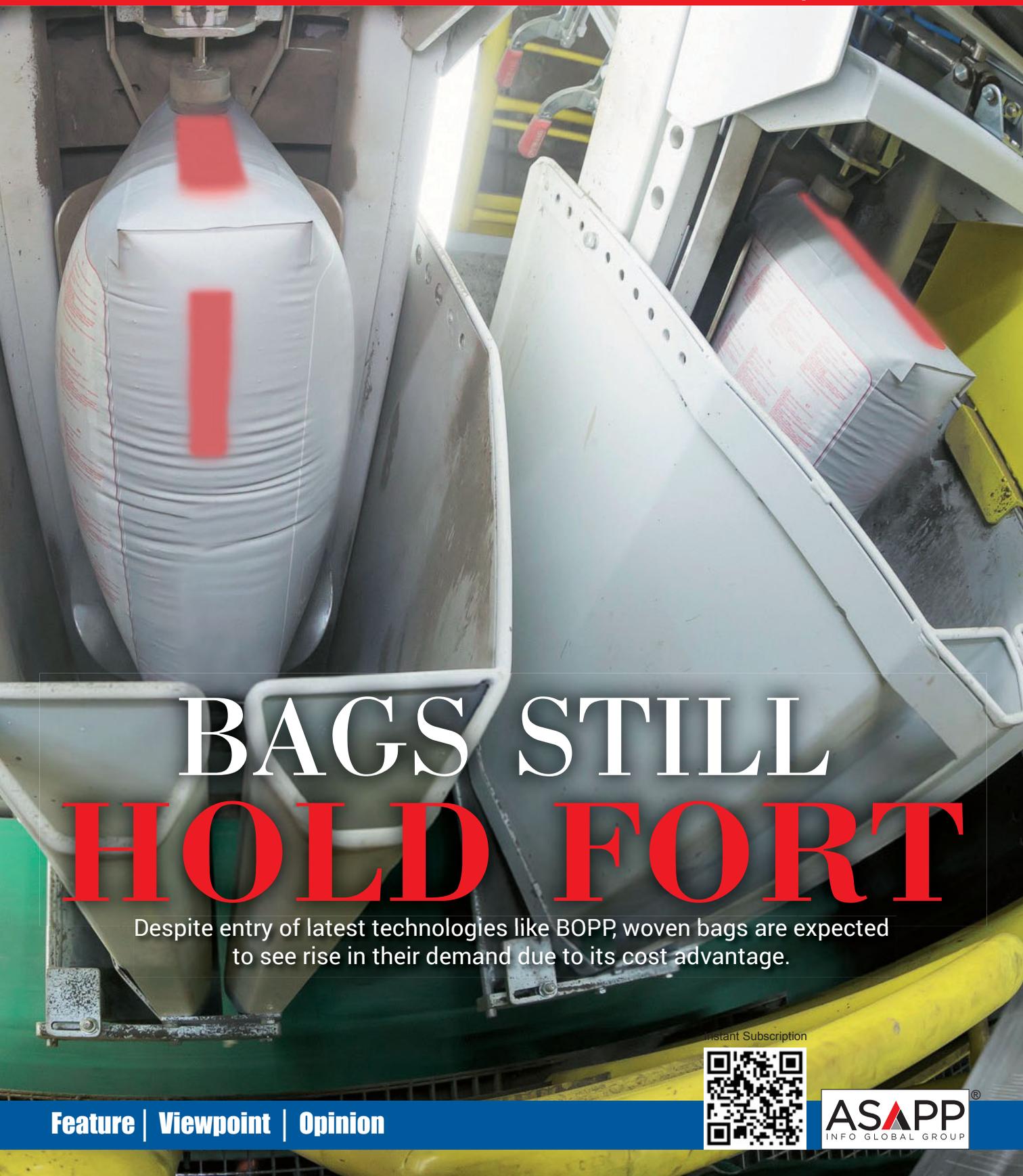


INDIAN CEMENT REVIEW®

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BAGS STILL HOLD FORT

Despite entry of latest technologies like BOPP, woven bags are expected to see rise in their demand due to its cost advantage.

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“We were the first to introduce tamper-proof laminated PP bags”

What is the importance of packaging in cement production and distribution and what are the latest advancements that are taking place?

Packaging is a significant factor in cement production and distribution with significant emphasis on product protection, shelf appearance, cost margins and sustainability targets. Since approximately 65 per cent of the cement consumption is from the housing segment, primarily from the IHB's, the focus is on mobilising the product to semi-urban and rural areas economically and damage free.

Up to 70s all cement bags used to be made of jute, which were zero moisture resistance and high spillage during handling and transportation. Post which switchover to plain woven polypropylene (PP) sacks took place. To upgrade the PP bags, concept of lamination was introduced which came with an increase in packaging and handling cost. Some manufacturers are also using BOPP laminated bags to enhance brand value. Talking about the latest advancements, the concepts of 2 - 3 ply paper bags are emerging gradually. These bags are biodegradable and protect the inside materials well, only disadvantage being the cost and handling care - which again pushes up the cost.

While the focus is on cement packaging, I would like to throw some light on some of the pioneering initiatives that we have taken in concrete packaging. Nuvoco was one of the first building materials company to introduce wet ready-to-use premixed range of concrete and mortar 'Instamix' in 35 kg bags. The main idea behind this innovative move was to make concrete available to all irrespective of the area or place of their dwelling. With these ready-to-use concrete and mortar in bags Nuvoco has ensured cost-effective and easy construction in any location. It is easy to use on site, as placing and spreading is more efficient.

Cost is an important factor besides product loss, shelf life and environmental factors in



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selection of packaging options in cement. How do various options stack up against all these parameters?

A reasonable amount of cost is incurred towards packaging. However, the customer appreciates the benefits of better packaging and is willing to pay the additional price. In terms of stacking up of various options, HDPE bags are the most cost effective followed by Laminated PP, BOPP and Paper bags. From the customer perspective what is most important is getting the net assured 50 kg cement in bag. They are ready to pay a premium for guaranteed weight and quality.

What is the packaging option you have zeroed in on and why? What are the factors one should look at while selecting the best packaging material? How anti-plastic movement will impact packaging in future?

Sustainable packaging is the underlying principle that Nuvoco follow which is replicated through our Laminated PP, moisture and tamper proof cement bags. Today, across industry, approximately three per cent of the cement produced is lost in the supply chain and this loss is largely attributed to the cement bags being stored in open environments and use of hooks for unloading across the supply chain, making them vulnerable to damages. At Nuvoco, we ensure that cement bags damaged due to normal wear and tear in transportation are sent to our Readymix Concrete plants across locations avoiding wastages.

Talking about the factors while selecting packaging material, Nuvoco always try to offer best products to its customers, maintaining a proper balance between quality, quantity, cost and environmental concerns. A sturdy cement bag is environment friendly and has a self-life of eight months to a year. Cement bag is generally reused three to four times for mobilizing sand, aggregates, rubbles, bricks and other materials thereby saving on other packing materials. Most of the cement bags degenerate because of exposure to UV rays and at the end of it degenerate into shreds.

Are you planning to mechanise or deploy robotics in packaging process?

Use of automation in cement packaging is imperative; all our packaging machines are calibrated to discharge exact quantity of cement ensuring higher consistency, speed and accuracy.

What is the importance you give for packaging material that improves visibility of your product and what suits the best?

In a product like cement, packaging plays an important role in protecting and enhancing shelf-life. We, at Nuvoco, keep reviewing developments in this space. Nuvoco was the pioneer in introducing Concreto in tamper-proof laminated PP bags, which keeps the cement fresh and prevents adulteration. The idea was to bring disruptive packaging that was entirely unique to the industry, which would not only enhance the “premium” imagery of the brand but also address a longstanding practical concern.

Colour plays a vital role in brand building and recall, and which is why to enhance the visibility of our brand, we have reinforced, our brand colour (green) and significantly modern, orange and purple colours in packaging giving us strong identity in the IHB segment. We also use our packaging to educate customers on ‘Void Reduction Technology’ and ‘Micro Fibre’ used in our products. For our Duraguard brand we have introduced tamper proof bags in north because when we conducted a research it showed concerns of duplication of the brand and in order to reinforce our quality and commitment to the customers we started double stitching on our

bags to assure consumer on our quality. The customer looks for more than just information on cement bags and our efforts in packaging have set us above and apart from others enabling in strengthening our brand recall. Also, our customer promise and USP is boldly stated on our packaging.

What are your views on the potential demand dynamics of bulk packaging of cement as against retail packaging?

The housing segment accounts for approximately 65 per cent of the cement consumption, with Affordable housing and IHBs being the major consumers. The IHB's tend to buy in small lots with constraints in storage space and security of the material; hence the retail packaging dominates over bulk packaging at an overall level.

The demand dynamics could change when we talk about large projects, where the concept of smart silos (capacity up to 8 MT) is picking up where contractors are shifting towards buying bulk cement. Also, with the increase in ready-mix usage, the share of bulk cement is gradually increasing.

What is the growth that you expect in the cement industry in the next three years?

The past two years have witnessed a robust demand for cement and the momentum is expected to sustain on account of increased budgetary allocation towards infrastructure (including roads and railways), rural development and affordable housing demand in rural and urban areas especially under PMAY scheme.

The macroeconomic fundamentals are expected to improve on the back of sustained rise in consumption and government's reform measures, fostering an environment to boost investments and ease banking sector concerns. Cement demand has a strong co-relation with the GDP growth with an empirically established ratio of 1.2x to 1.3x thus providing an outlook of approximately 8 per cent CAGR over next three years.



Nuvoco Concreto Bag.



Nuvoco Microfiber Bag.

