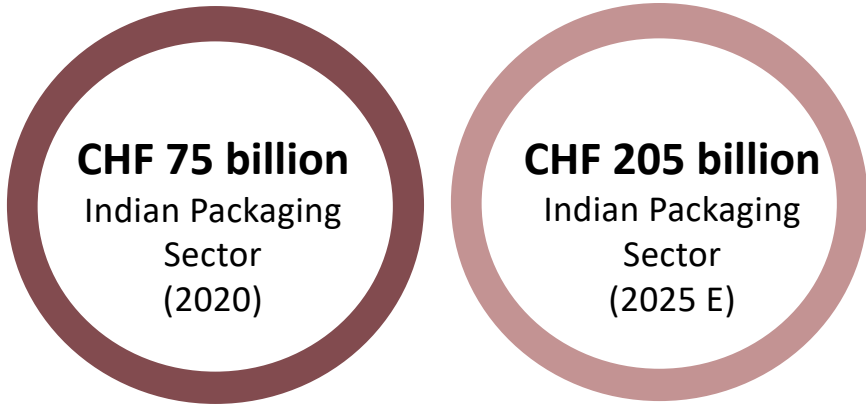


Opportunities in the Indian Packaging Sector

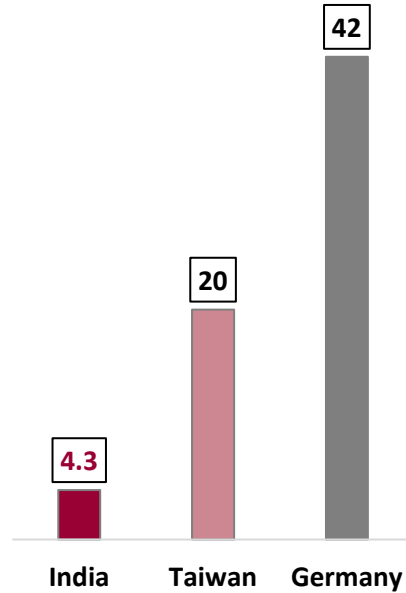
May 2020

INDIAN PACKAGING SECTOR: OVERVIEW

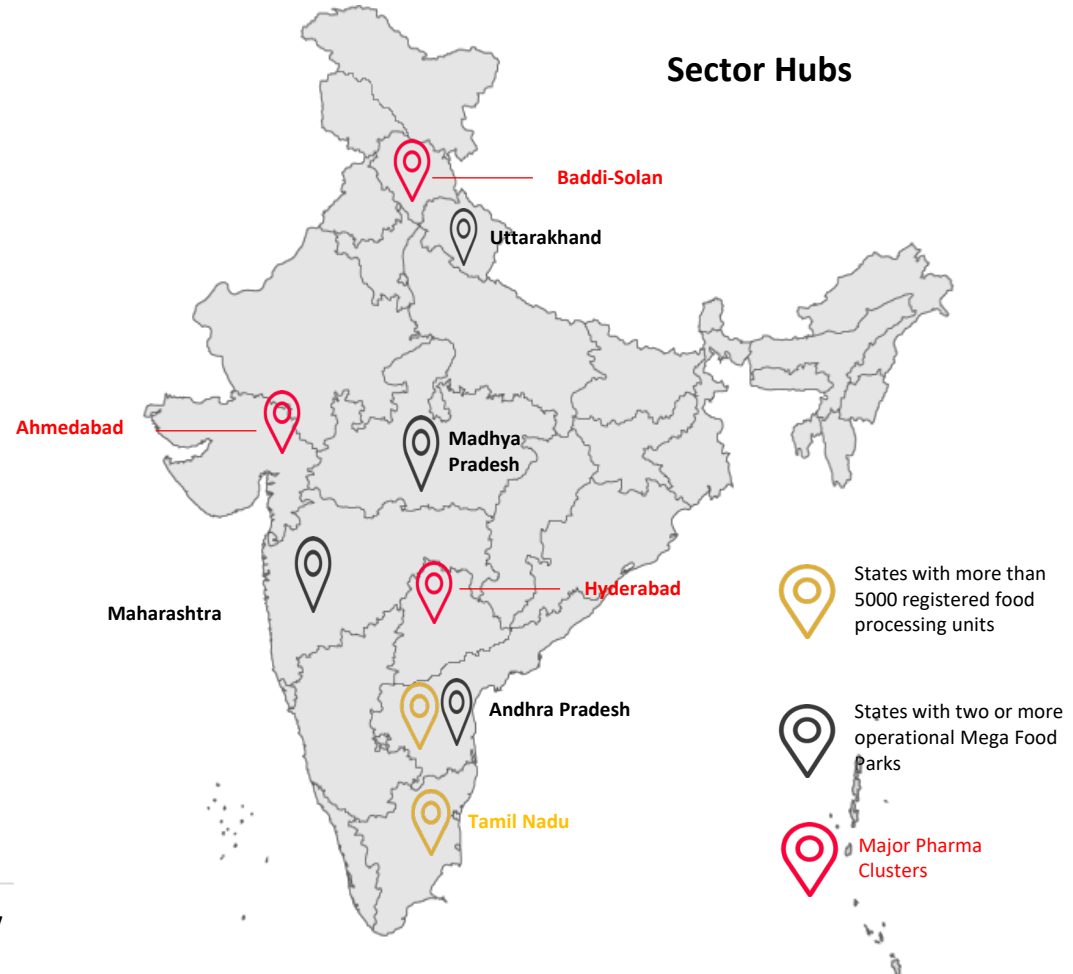
Market Size



Packaging Consumption Per Capita (in kilogram) India and the World



Sector Hubs



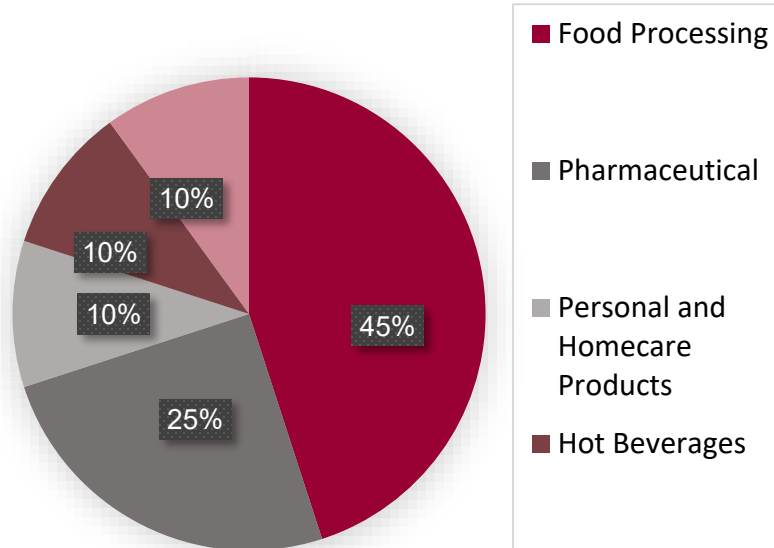
22,000
Registered Packaging Companies in India



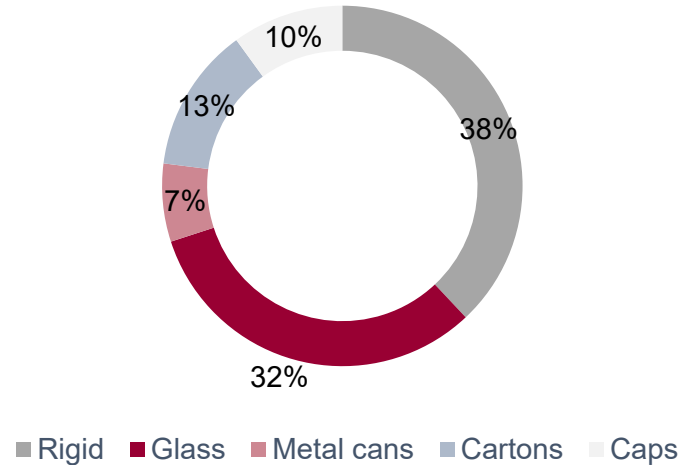
85%
Manufacturers in the small and mid-size segment

KEY SEGMENTS: END CONSUMERS

**Packaging Materials and Machinery
End Users (by share of volume)**



**Beverages Packaging
(Segments by material used)**



Soft drinks sub-segment is expected to grow 13% till 2023 from current 44 billion units in 2019. Whereas, tea and hot beverages packaging sub-segment will grow at 6% rate from 2019 to 2023 riding on premium and eco-friendly product demand.

**Beauty and Personal Care Packaging
(Trends)**

Airless Packaging

Dispensing Systems

Smaller Pack Sizes

**Home Care Packaging
(Trends)**

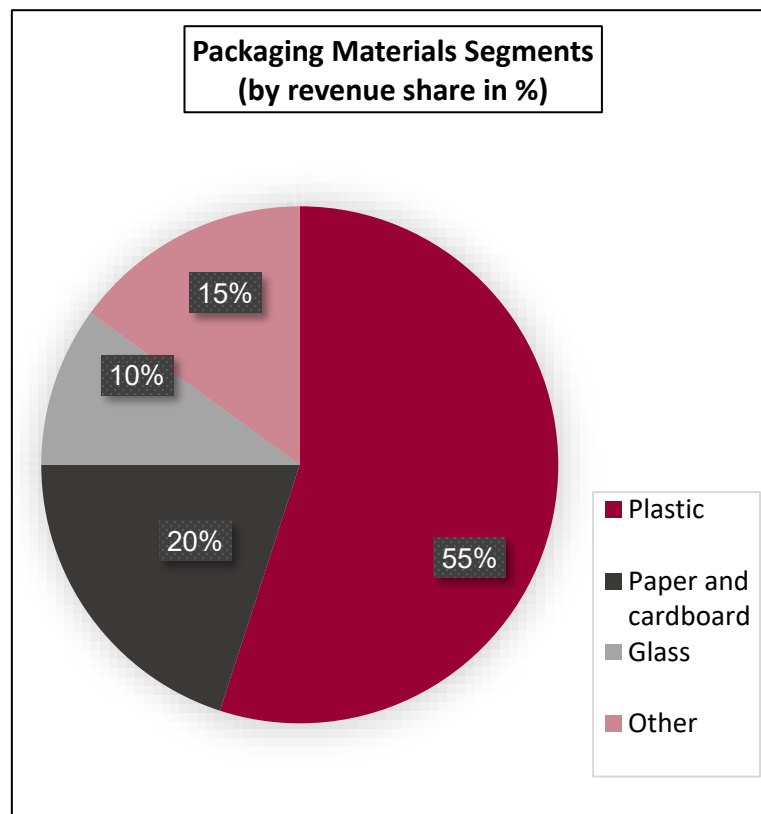
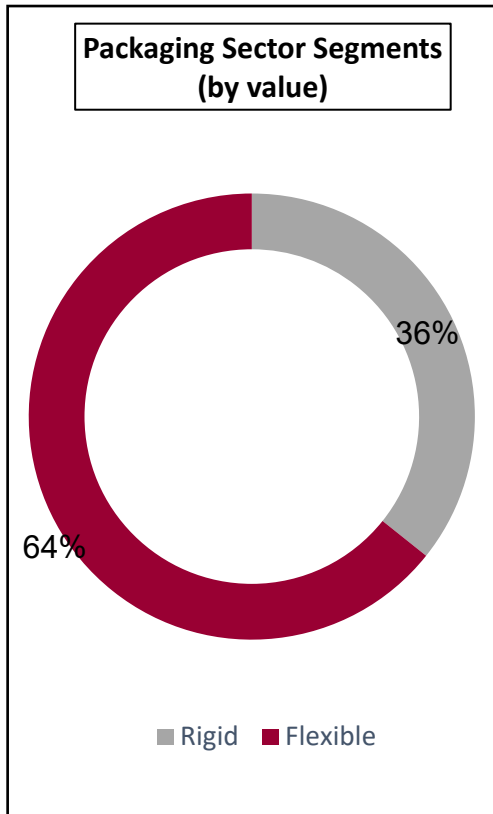
Refill Packaging

Stand-up Pouches

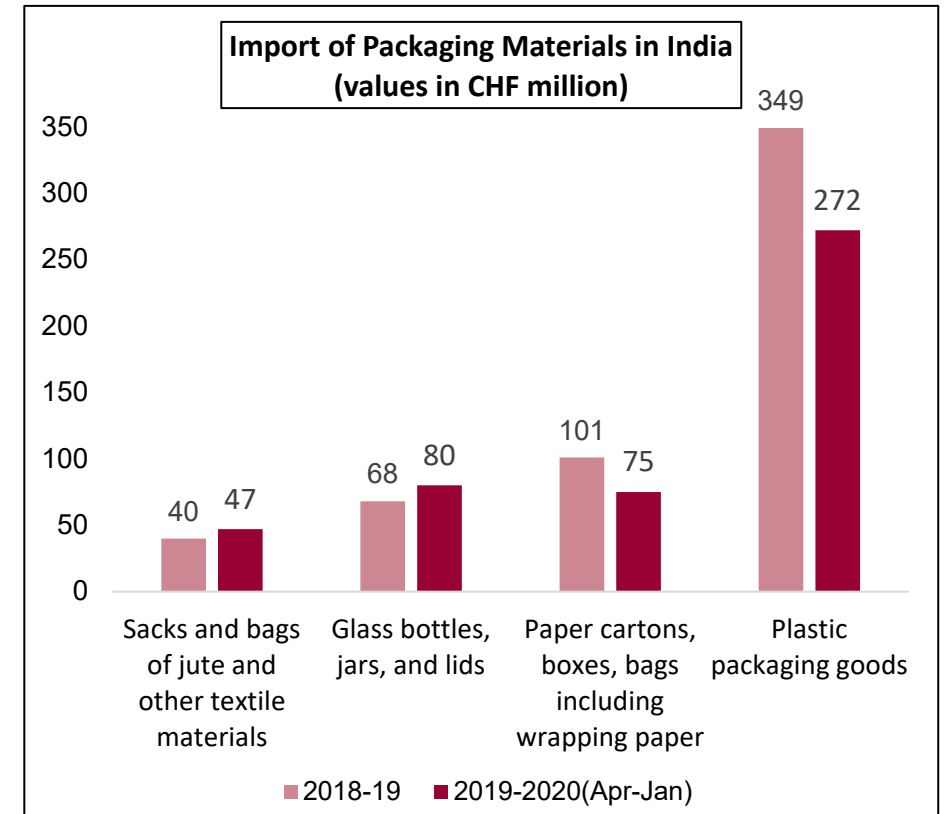
Innovation in Pack Formats

KEY SEGMENTS: TYPE OF MATERIALS

Segmentation by type of material

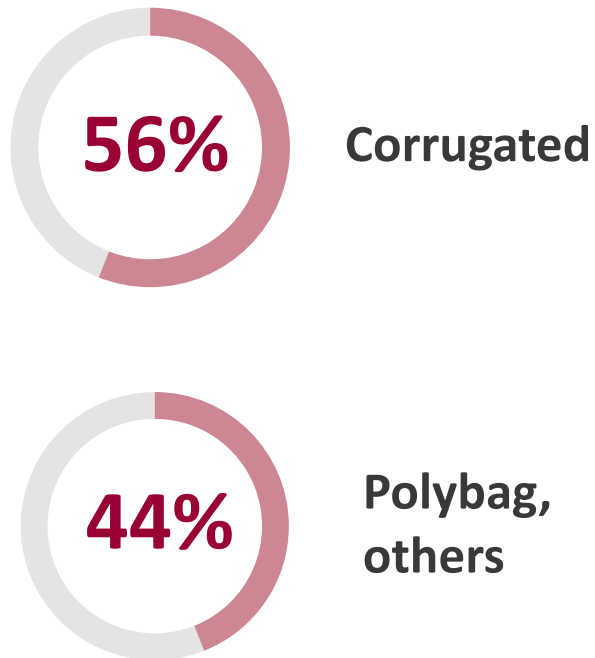


Import Trend of Packaging Materials



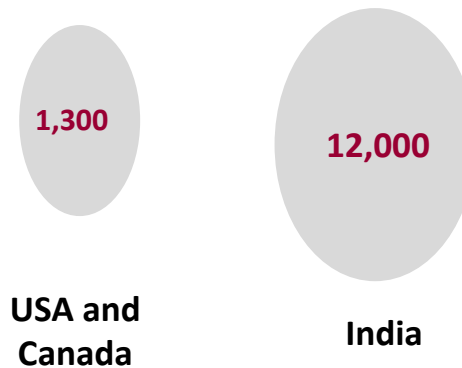
KEY SEGMENTS: CORRUGATED BOXES

Transit Packaging Material Segments (Share in Indian Market)



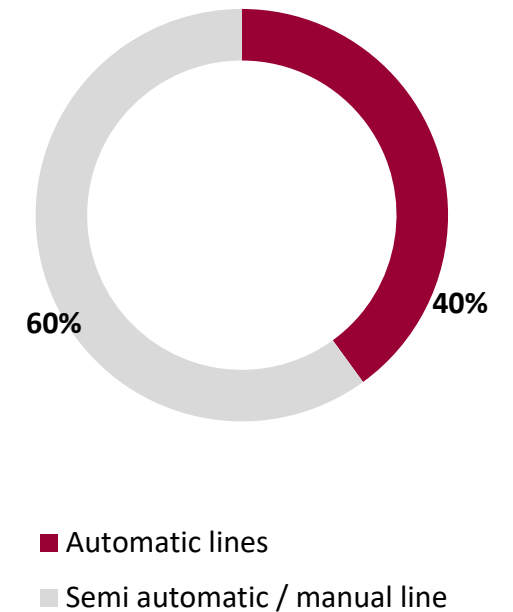
CHF 660 billion

Market size of Transit Packaging for E-commerce in India (2020)



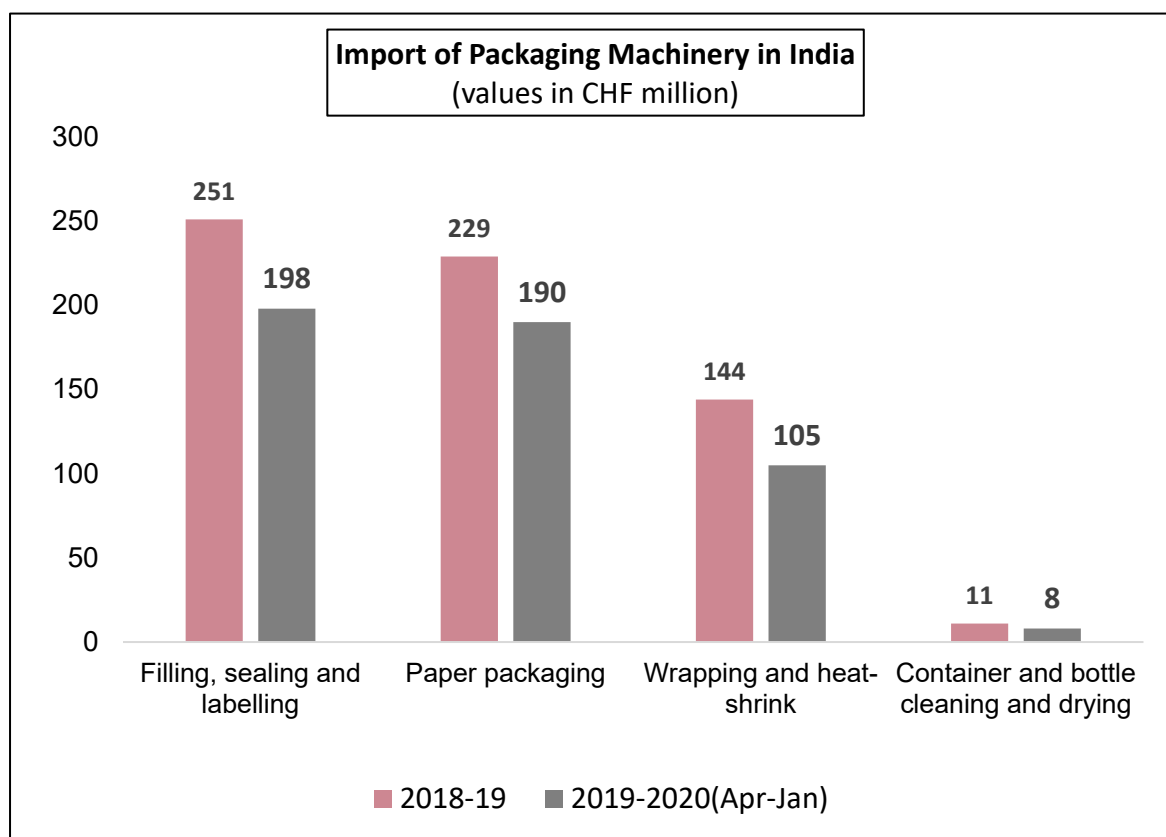
Number of manufacturing units of Corrugated boxes: A Comparison

Automation in Corrugated Segment (Share in capacity)



PACKAGING MACHINERY

Import Trend of Packaging Machinery



Customs Duty on Packaging Machinery

Sl. No.	Equipment	HS Code	Effective Duty (in %)
1	Bottle cleaning and drying	842220	38.0
2	Filling, sealing, capsuling	842230	35.1
3	Wrapping including Heat-shrink wrapping machinery	842240	35.1
4	Paper packaging machinery	8441	27.7
5	Automatic labelling machinery	84798999	27.7

KEY TRENDS: IN PACKAGING TECHNOLOGY & MATERIALS

01

Growing shift towards Bioplastics owing to range of applications. PLA (Polylactic acid) is the most common bioplastic in use in India.

02

Mono-material packaging technology to develop 'Synthetic Paper' which results in a recyclable packaging product with better longevity than paper.

03

Focus on functionality of products to ensure reusability and re-closability to improve product experience.

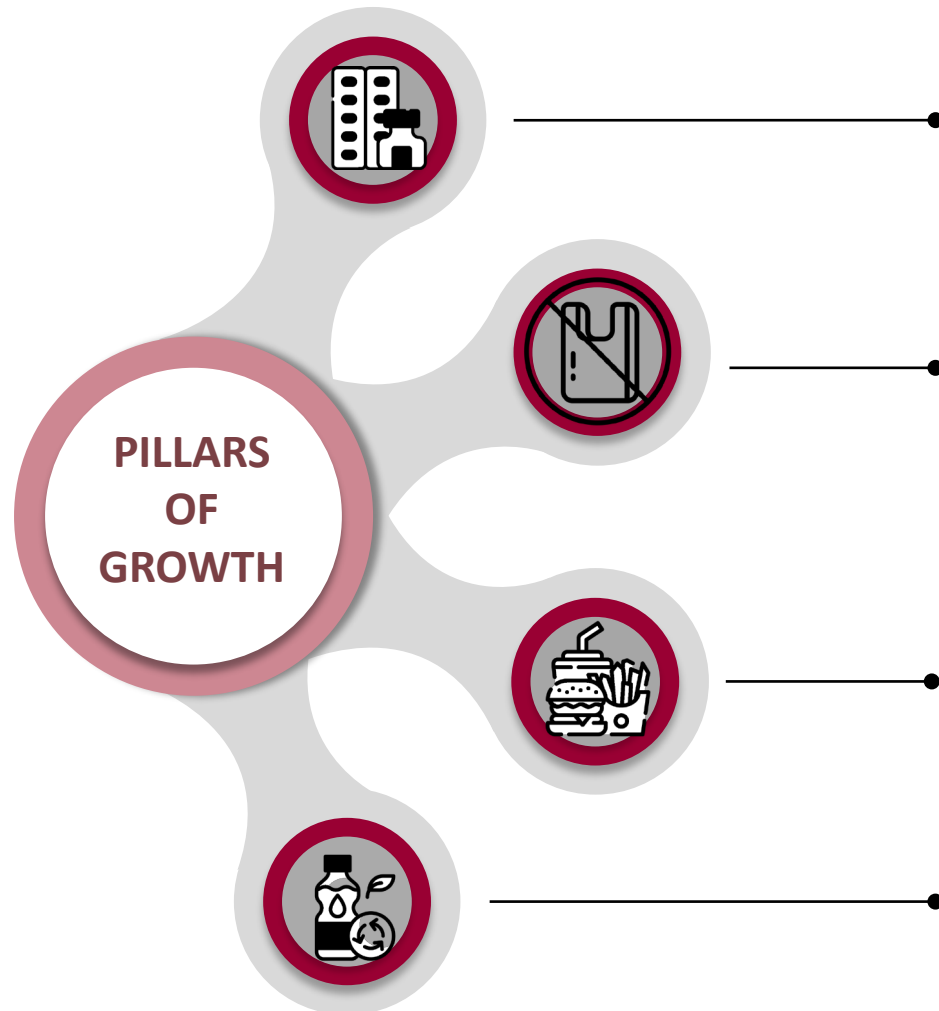
04

Equipment for product pack design, labelling especially for food processing industry where packaging is a key differentiator.

05

Consumption of Paper based packaging material rising and Kraft paper and cardboard volumes are expected to be 6.7 million tonnes by 2021.

GROWTH DRIVERS



Growth of Indian Pharmaceutical Industry

- Compliance with Good Manufacturing Practices (GMP) have led the Pharmaceutical industry to upgrade packaging processes and systems
- Industry is more open to product safety and packaging standards are being adopted gradually

Government Initiatives

- Government's plan to phase out single use plastics has sparked innovation
- Lower tax rates for new manufacturing units among government's strategies to make India a global manufacturing hub

Evolving Consumer Behaviour

- Growing inclination of population towards Ready to Cook and Ready to Cook food products
- Retail, Fast Moving Consumer Goods (FMCG) riding the digital India driven consumption wave

Sustainable Sourcing Altering Demand

- Major organizations including Indian Railways, Air India, Zomato, Amazon India, Nestle planning to shun plastic for eco-friendly options
- Sustainable sourcing, packaging and labelling are emerging as key product differentiator

OPPORTUNITIES



The estimated costs of processing and packaging food in India are up to 40% lower than in Europe. Availability of skilled and cheaper labour and proximity to established export markets of South Asia and Middle East makes India an attractive venue for investment in packaging manufacturing.

GOVERNMENT POLICIES: AND REGULATORY LANDSCAPES

Government Policies



Packaging Standards

- Ministry of Consumer Affairs has made it mandatory for package boxes of standard sizes
- Government of India and Indian Institute of Packaging designed the packaging norms for product exports



Food Safety (Packaging & Labelling) Regulations

- Guidelines defining labeling requirements for all packaged food in India
- Mandatory certification to ensure material quality and meet global packaging standards



Profit-linked Tax Holiday

- Companies involved in packaging activities of perishable food products exempted from paying tax on 100% of profits and gains
- Step to encourage packaging of fruits, vegetables, dairy and meat products, and minimise waste

Customs Duty on Packaging Material Imports

Sl. No.	Product	HS Code	Effective Duty (in %)
1	Jute packaging	6305	50.5
2	Plastic packaging	3923	31.0
3	Glass packaging	7010	31.0
4	Paper packaging	4819	24.5
5	Wooden packaging	4415	24.3

INDIA SET-UP: CASE STUDIES



Constantia Flexibles

- ▶ Austria-based world's third largest flexible packaging producer has set up world's first fully sustainable and recyclable flexible packaging manufacturing plant in Ahmedabad India.
- ▶ Sustainable homogeneous material of EcoLam product family, with minimum carbon footprint, is the innovative solution produced at the facility.



Schott Kaisha

- ▶ Schott Kaisha, the Indian joint venture of German pharmaceutical packaging major Schott, has planned to invest over CHF 65 million during 2018-2020 in India.
- ▶ The investment is part of company's expansion plans by setting up new facilities in Gujarat and North India.



Hoffmann Neopac

- ▶ Hoffmann Neopac, a leading Swiss supplier of metal and plastic packaging, has entered the Indian packaging manufacturing space with the acquisition of leading Indian tube packaging firm 3D Technopack.
- ▶ The Mumbai-based manufacturing facility produces over 120 million tubes annually and caters to export markets in Europe along with domestic Indian demand.



Huhtamaki PPL India

- ▶ Finnish packaging giant Huhtamaki has invested heavily in Indian flexible packaging segment.
- ▶ The company currently operates 17 manufacturing facilities in India and expanded into Indian labelling segment with the establishment of its manufacturing unit in Sikkim.

GO TO MARKET: STRATEGIES

TRADE STRATEGY

Exports of packaging equipment and products to understand the Indian market

Access to the sector's established distribution and marketing infrastructure

India manufacturing operations commencement by commissioning facilities around Food and Pharma clusters

Sector Strategy

For large companies and multinational corporations, establishment and acquisition of mega product and equipment manufacturing facilities which ensure meeting the demand of growing retail and FMCG segments and product standardization technologies is the recommended strategy.



The quality-conscious organized segment, which caters to major food and pharmaceutical companies, can be tapped by providing diversity of innovative products with a focus on sustainable packaging material segments.



Unorganized sector, though provides highest opportunity by volume, is highly price sensitive and as a result the profit margins may not be satisfactory for a foreign investor with superior and premium priced equipment and material



Distribution Strategy(based on existing distribution channels)

Flexible Manufacturing



Pan India regional offices

Bulk Paper Manufacturing



Distributor network

Eco-friendly Bag Manufacturing



Mix of local distributors and in-house sales team

Alternative Material Packaging Manufacturing



In-house sales team

THANK YOU
