

FLEXIBLE PACKAGING SYMPOSIUM 2009 TRENDS AND TECHNOLOGY DEVELOPMENTS

**10-11 NOVEMBER 2009
MUMBAI**

**13-14 NOVEMBER 2009
NEW DELHI**

STATUS & POTENTIAL FLEXIBLE PACKAGING IN INDIA

**PFFCA
(PAPER, FILM & FOIL CONVERTERS'
ASSOCIATION)
INDIA**

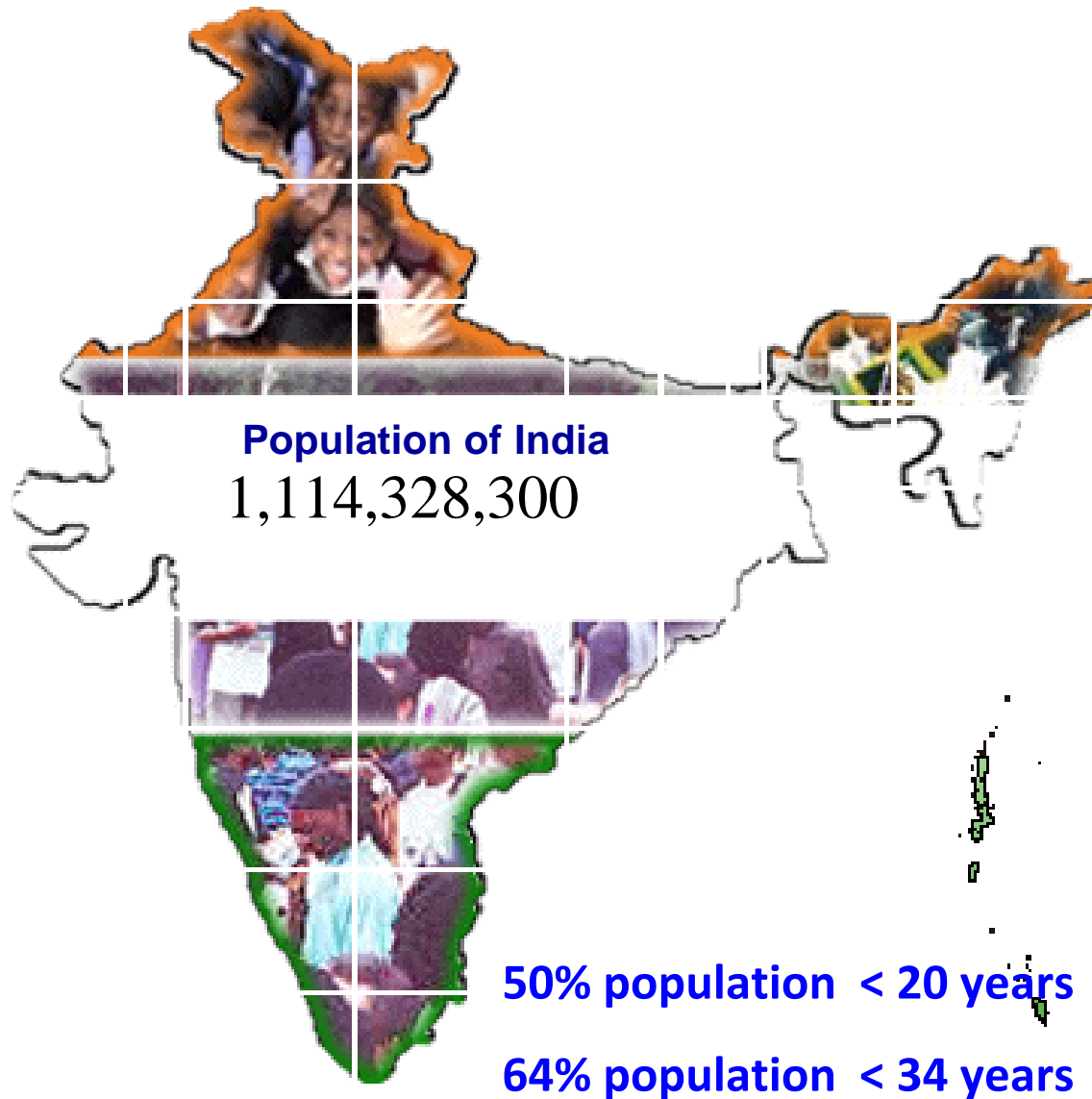
THE INDIA ECONOMY -

Trend setters

The packaging business

The retail sector

The Market



ECONOMIC ENVIRONMENT

4 Key Forces that shape the evolution –

- Rapid sustained growth.
- Liberalization.
- Demographics.
- Conducive development of business environment.

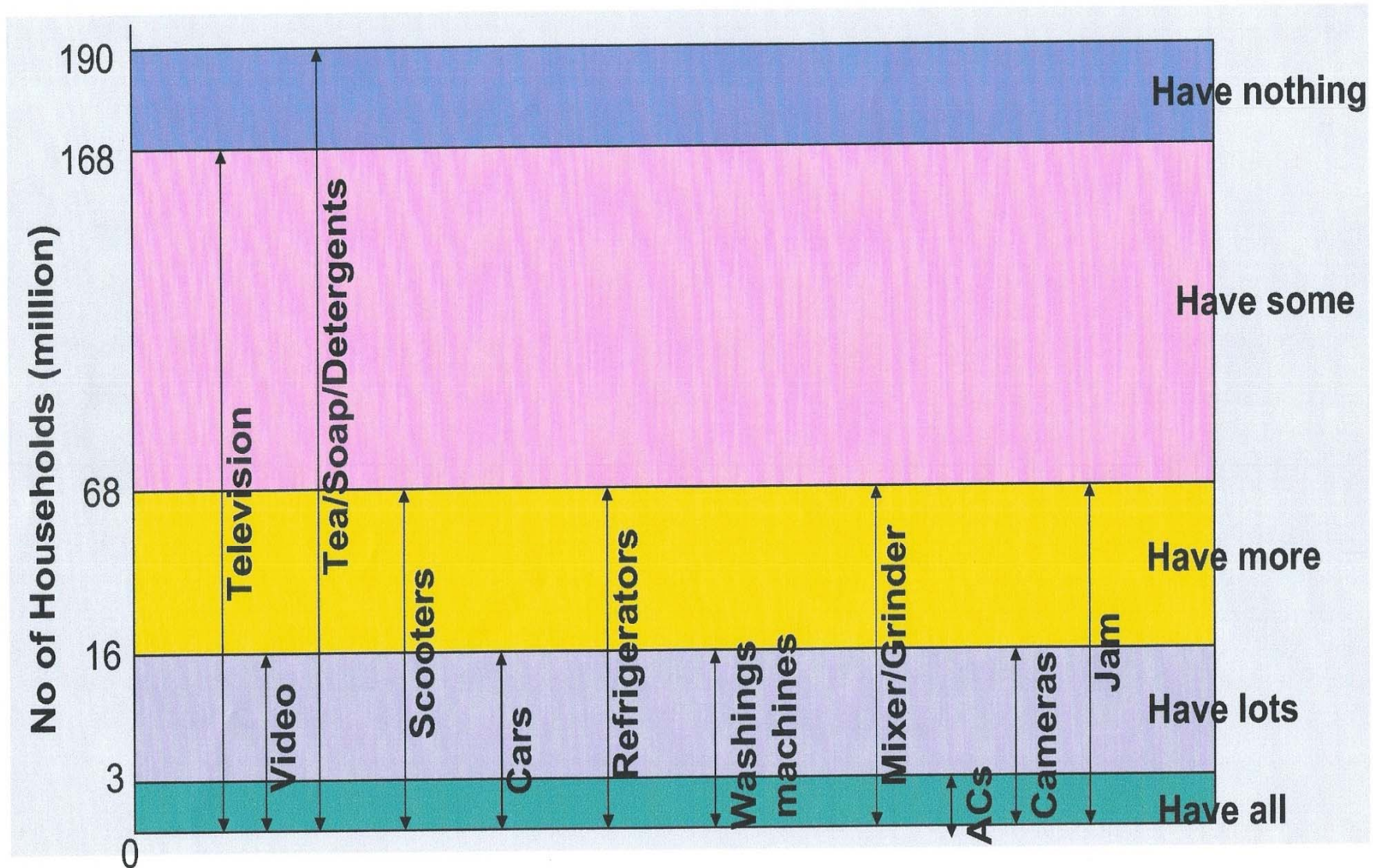
Demographics & Skill base

- **Largest English speaking graduates population.**
- **Youngest population.**
- **Largest workforce by year 2020.**
- **3rd largest number of science and engineering graduates.**

DEMOGRAPHICS - 2007

No. of Households	Category	Annual Income USD	Monthly Income Rs.
3 million	Have all	30,000 (120,000)	80,000
13 million	Have lots	12,000 (18,000)	40,000
50 million	Have more	4,000	16,000
100 million	Have some	1,500	6,000
30 million	Have nothing	200	700

Consumption Categories



INDIAN HOUSE HOLD – SPENDS

- HIGH PERCENTAGE OF DPI** : ON FOODS.
LOW PRICED POINTS -
: AFFORDABILITY
: ACCESSABILITY
: WIDE VARIETY
- RISING PRICES
WILL TRIGGER
MIDDLE CLASS** : TO LAP UP
LOW UNIT PRICES.
(Soaps, Detergents,
Biscuits & Snacks)
- CONSUMER PRODUCTS
MARKET** : LOW PRICED UNIT
40% OF TOTAL SALES.

INDIA POISED TO BE No.2 ECONOMY

Productivity growth (1980-90/90-2000) : 5-6%

Productivity Growth : 8% (until 2020)

By 2050, 2nd largest economy in the world (ahead of USA)

Since 2003-growth by structural increases

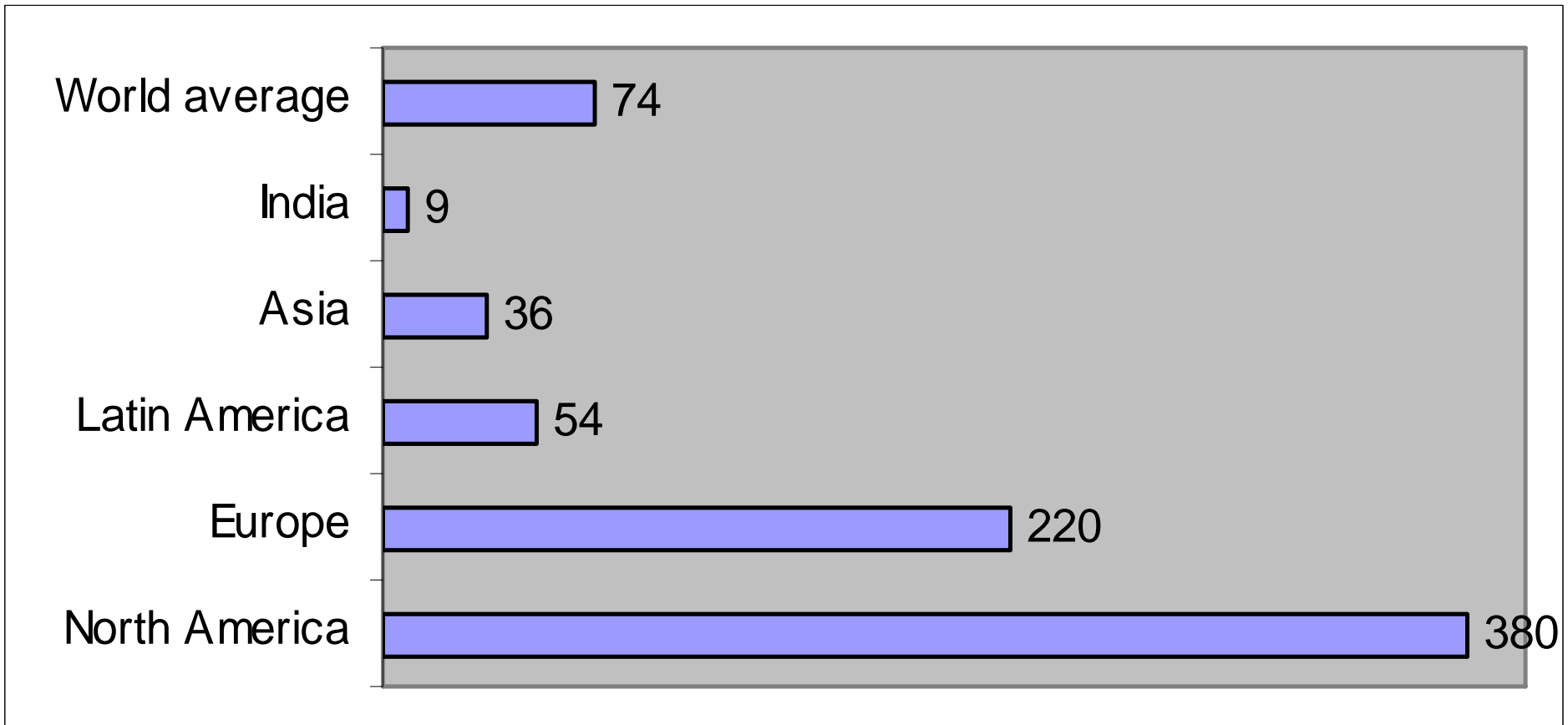
PACKAGING SECTOR

Status –Trends - Potential
And
Opportunities

PACKAGING INDUSTRY STATUS

- World Packaging Industry has been growing at 3-5% per annum.
- Around 29% is in Asia Pacific (Australia, Japan, China are the major).
- 80% of the packaging consumed by 20% of population.
- 80% of population has access to only 20% of packaging.

PER CAPITA PACKAGING CONSUMPTION (US \$)



PACKAGING INDUSTRY GROWTH PATTERN IN INDIA

- MID EIGHTIES – 4 - 4.5 %
- MID NINETIES – 18 %
- CURRENT INDEX – >12 %

PACKAGING CONSUMPTION PATTERN

- 1995 – 5 MILL. TONNES
- 2005 – 10.5 MILL. TONNES
- 2010 – 21-22 MILL. TONNES
- DOUBLE IN 5 YEARS.
- Packaging output valued at Rs. 650 Billion

- Estimate based on - 12% average growth
- 5% - Fresh agri. Processing
- 10% - Fresh horti processing
- PDS- products - To go into consumer packaging

PACKAGING SHIFTS & TRENDS

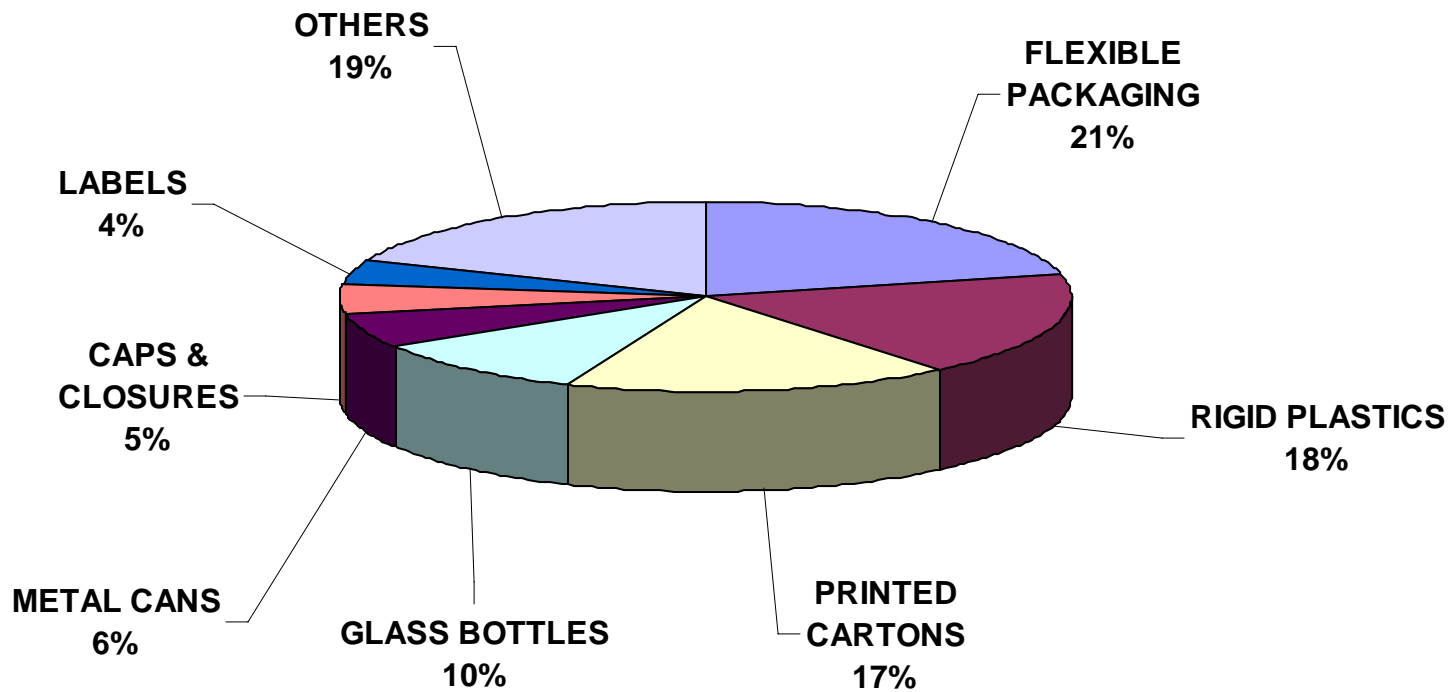
- Bulk to retail consumer packs.
- Conventional to new systems.
- Long shelf life v/s new systems.
- Ease in handling and convenience.
- Ease in production and distribution.
- Overall economy.
- Adoption of mechanization and automation.

TREND INFLUENCERS

- Consumer consciousness.
- Consumer convenience.
- Willingness to pay.
- Brand Association.
- Quality claim.
- Value addition.
- Exports.

INDIAN PACKAGING PIE

INDIAN CONSUMER PACKAGING MARKET



FLEXIBLE PACKAGING SECTOR IN INDIA

FLEXIBLE PACKAGING

Basic Films

Foils

Metallised / coated Films

Specialty Films

Co-ex Films

Laminates

PACKAGING CONSUMPTION PATTERN

CAG Growth - 12%

High growth - 25% Flexible Packaging

- 15-18% Folding Board sector

- 20% Labels (PS/Shrink sleeves)

INDUSTRY GROWTH (Percentage)

Processed foods.....	20+
Pharmaceuticals.....	10+
Healthcare.....	} 15
Personal care.....	
Home care.....	8-10
Engineering.....	} 10+
Electronics.....	
Software.....	20+
Textiles.....	7
Chemicals.....	8
Consumer Durables.....	8
Toys.....	7
Incense sticks.....	10
+	
Consumer value added exports	

- Base 2007

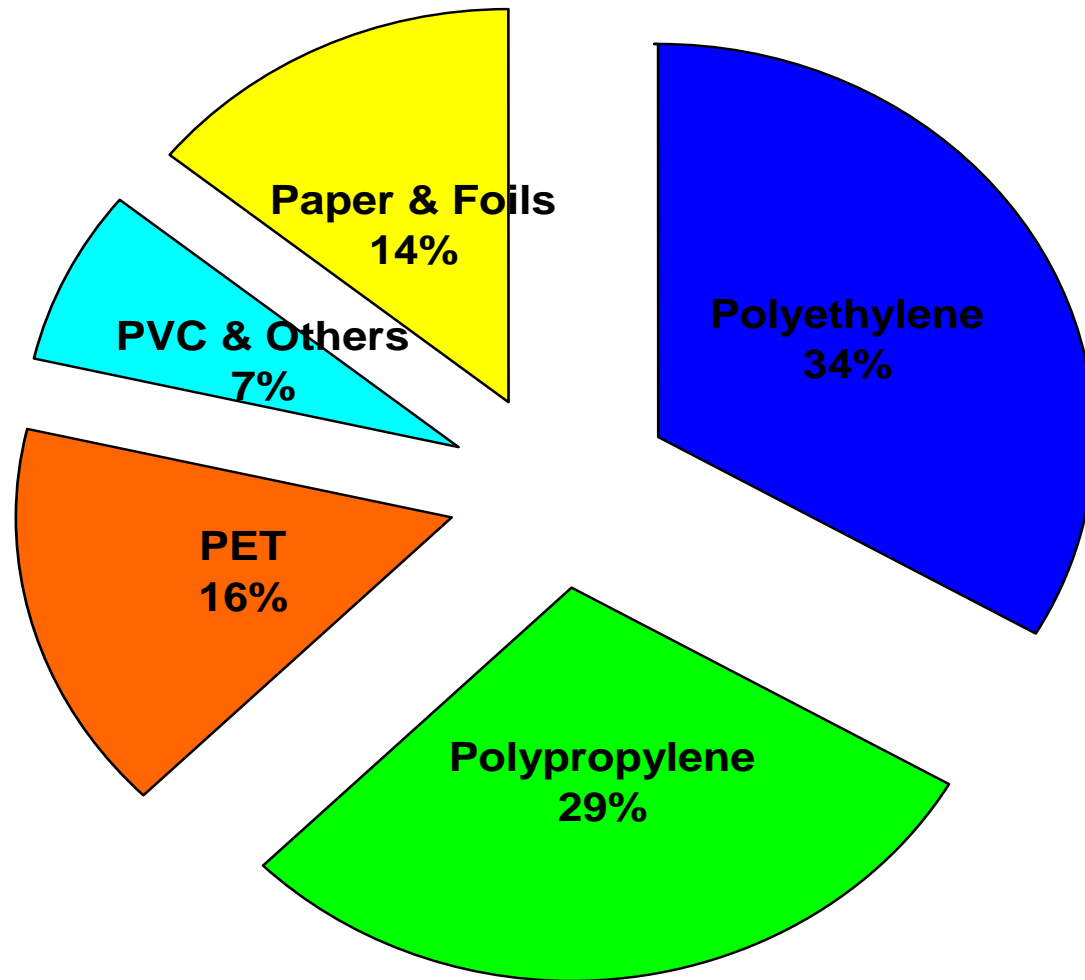
FLEXIBLE PACKAGING DEMAND

YEAR	VOLUME Kt	REVENUE Rs. Million
2007	1070	107,000
2014	3109 (at 16-17% growth)	311,000
	3600 (at 20% growth)	377,000

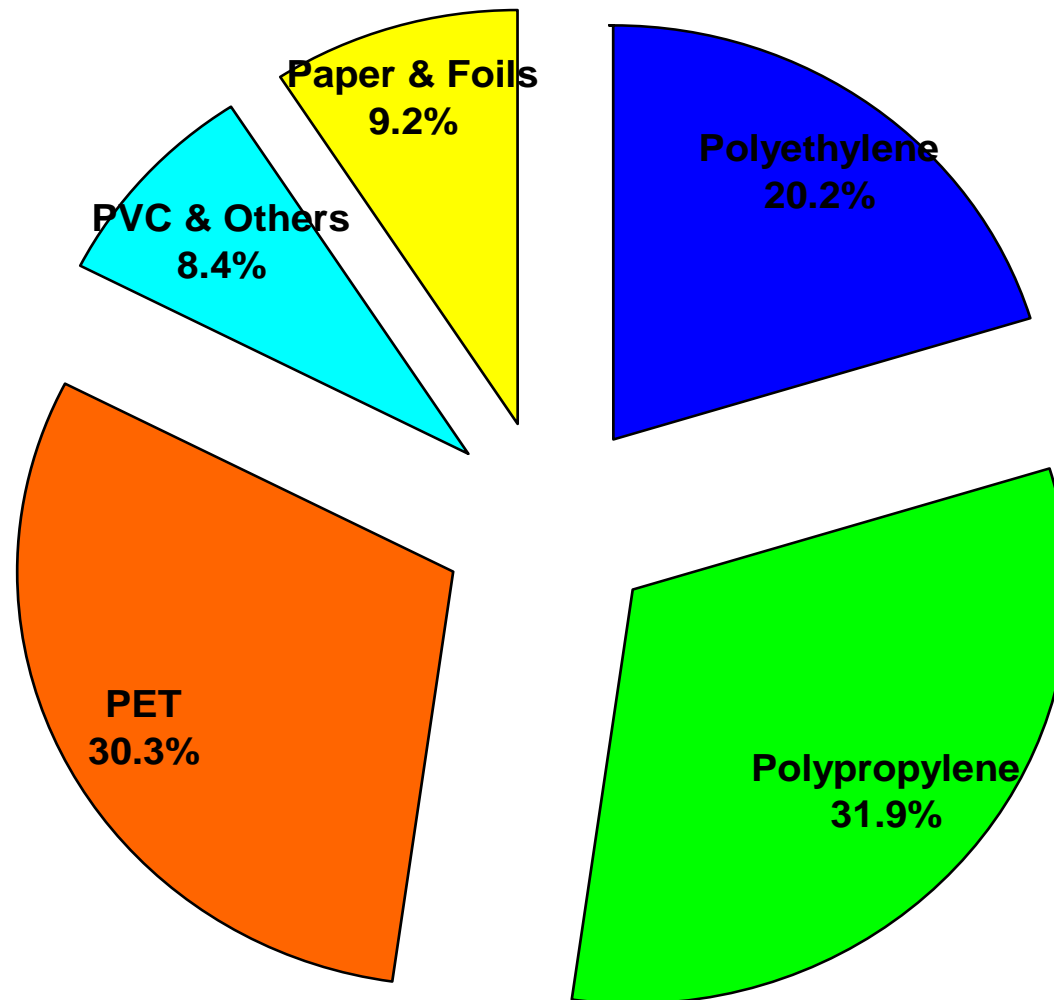
FLEXIBLE PACKAGING DEMAND ESTIMATES (2007-08) (TPA)

Adhesive laminates	432,000 [40%]
Co-extruded films	238,000 [22%]
Extrusion coatings/laminates	216,000 [20%]
Solventless lamination	184,000 [18%]
=====	
Total	1070,000 [100%]
=====	

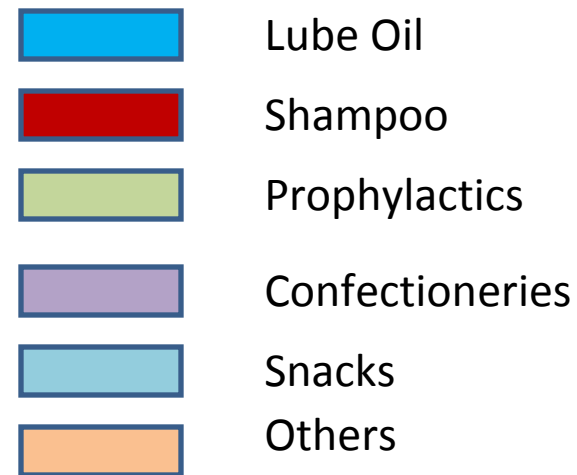
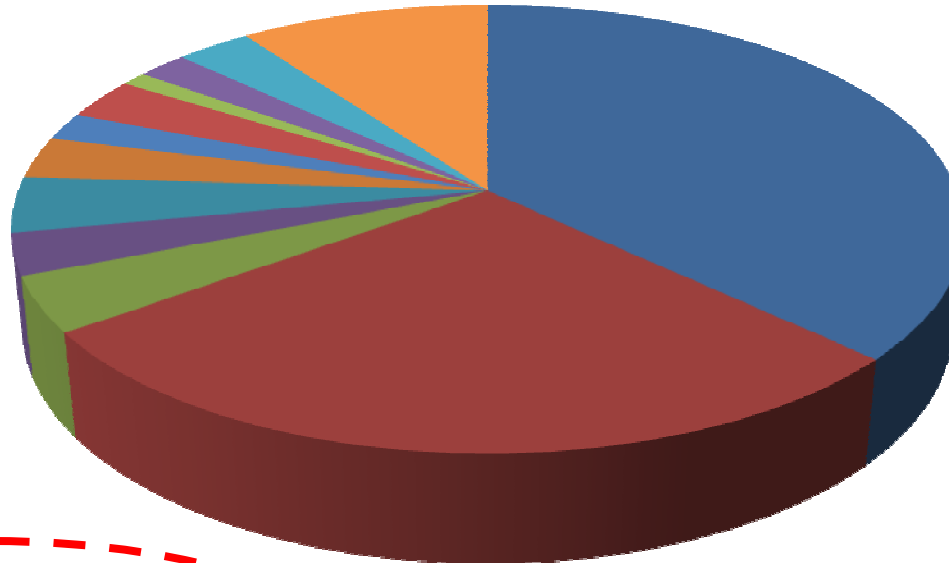
FLEXIBLE PACKAGING DEMANDS SUBSTRATES CONSUMPTION (BY VOLUME)



FLEXIBLE PACKAGING DEMANDS SUBSTRATES CONSUMPTION (BY VALUE)



FLEXIBLE PACKAGING DEMAND [BY PRODUCT CATEGORY]



DEVELOPMENT SECTORS

Micro ovenable food

Frozen food

Poultry, Meat & meat products and
marine products

Three dimensional effects

Cold seal applications

Retort / sterilized packs

Easy seal applications

Easy Tear applications

FLEXIBLE PACKAGING INNOVATIONS -TRENDS

- Reclosable pouches
- Spouted pouches
- Laser cut pouches
- Flexible bottles
- Holographic packs
- Zipper Bags
- Labels
- High barrier/plasma coated films
- Stand up pouches
- Cold seal film/ pouches
- Retort/ aseptic pouches
- Antifog films
- Mini thermoformed packs
- Large liner bags
- Shrink sleeves

FLEXIBLE PACKAGING MARKET DRIVERS

Beverages/Liquids –

Fruit flavored drinks, water, Isotonic liquids etc.

Foods -

Frozen foods, sauces, condiments, dry fruits, snack foods, RTC/RTE foods, powdered beverages, dry mixes, retort foods etc.

Non Food -

Agrochemicals, Health & beauty products, Pet food, detergents, auto / electronic components, floriculture etc.

Medical Packaging

Single Serve concept

Others

Biodegradable & aqua soluble films.

RETAIL IN INDIA

Organized retail : Vital statistics

Indian retail: Rs.10,000 billion

Organized retail: 3.5% of entire retail and 1.23% of GDP.

Organized retails estimated at Rs.841 billion by 2010

Presently valued at 200 billion USD

CAG 10-15%

Modern Format Segment – Supermarkets & Hypermarkets

CAG estimated – 40%

By 2010- will account for 10-12% of retail / trade

By value 30 billion USD by 2010

Share of expected investments in Indian retail in next 6-7 years (formats)

Supermarkets-33%

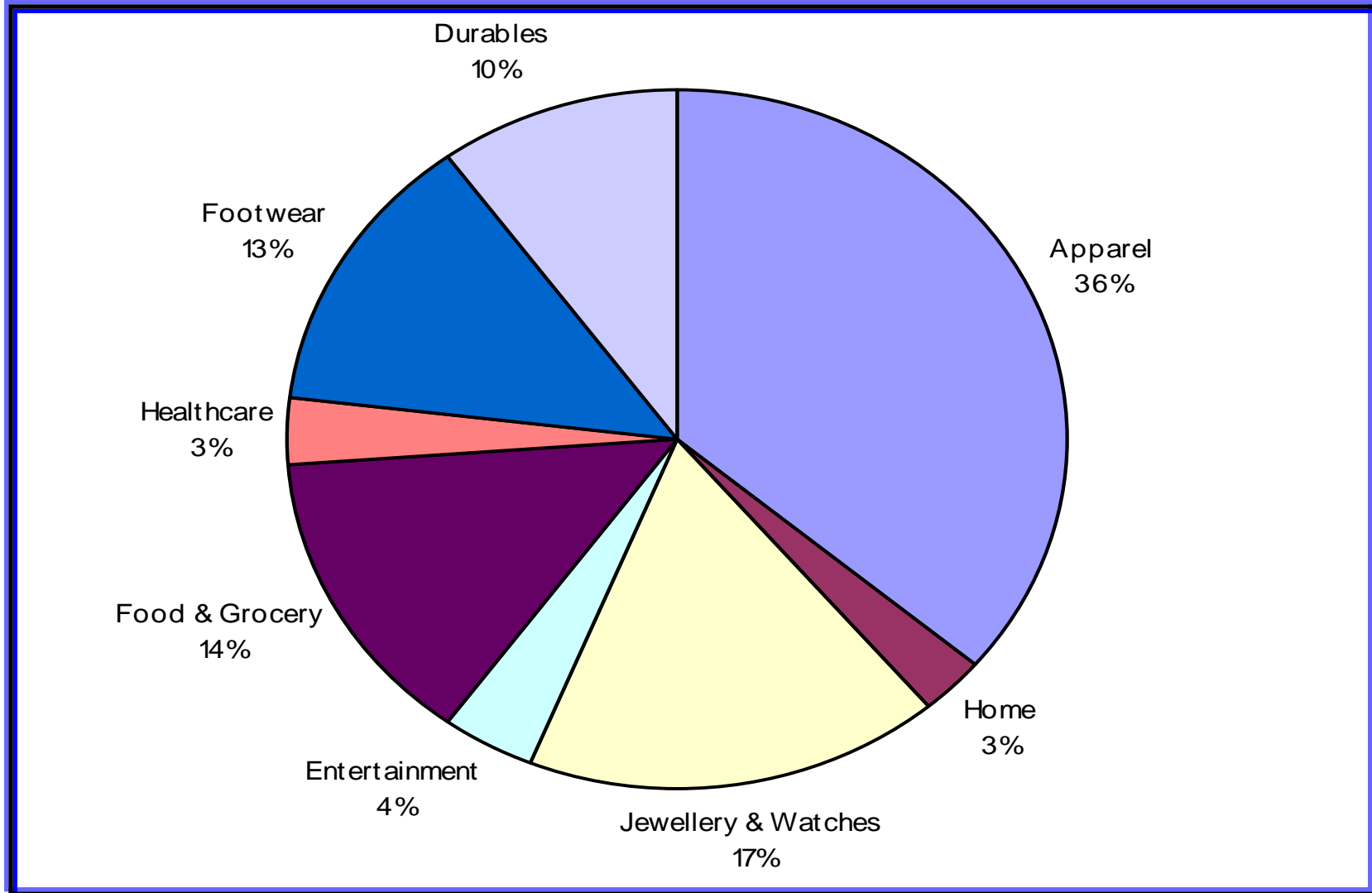
Hypermarkets- 32%

Department stores- 2%

Warehouses- 10%

Others-23%

Organized Retail Pie



MODERN FORMAT RETAIL

- ❖ Major changes in packaging trends
- ❖ Rise in multiuse packs
- ❖ Increased varieties
 - Occupy more shelf space
 - Offer wider choice
 - More designs & shorter runs

Retail in India

Consumer/ Retail packs

Multiuse / family packs

Product mix / brand

Pack form / shelf display

Food service - Ready to Eat /

Ready to Cook

SUMMARY



FLEXIBLE PACKAGING GROWTH INFLUENCING FACTORS

- High demographic young population.
- Rising Disposable Personal Income.
- Shift to “spend” from “save” concept.
- Consistently growing consumerism.
- Emphasis on Innovations and creativity.
- Growing modern retail formats.
- Very bright future for the packaging & flexible packaging industry.

THANK YOU