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'India is a key opportunity market'

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The company's MD for India, Mr A Narayanaswamy, exclusively spoke to *BioSpectrum* about why India serves as its key business market, its acquisition plans and expansion, competition strategies, and future growth. Edited excerpts:

Q: Tell us about Essentra's business in India. What were your market entry challenges?

A: Our first investment in India was through a JV with ITC for manufacturing cigarette filters.

Essentra first started serving the packaging market in India 16 years ago with its tear tape portfolio. Over time, the company has grown from a position of just trading to outright manufacturing. In 2013, Essentra opened its 70,000 sq ft state-of-the-art site in Bangalore.

In healthcare packaging, the assets acquired from Kamsri Printing & Packaging have already been transferred to Essentra's site, in addition to which the company has invested in a second carton manufacturing line.

Q: What are the major growth drivers for the healthcare packaging industry in India?

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A: Investment in India is a key focus area for Essentra, as there are opportunities for growth in terms of pharma market expansion driven by strong underlying market drivers including economic development and urbanization; increasing GDP and income levels; increased accessibility for non-traditional business models by reaching tier II or rural areas; health insurance market penetration and increase in government spending; and consumer healthcare growth.

Q: Which are the biggest markets for Essentra? Which markets contribute majorly to your business, and how much of it from the Indian market?

A: India is a key opportunity market for Essentra, as the end-markets for the company's specialty components - such as healthcare and industrial products - are sizeable and well-established, exhibiting growth of up to 20%.

Regarding healthcare packaging specifically, we view India as an important dynamic market, both for the production, consumption and export of pharmaceuticals based on the investment and economic development occurring in the region.

Q: How do you intend to expand further in India?

A: Going forward, we will continue to look to invest based on our understanding of the requirements of the market in India to bring our product range in line - to the extent appropriate - with our total global offering.

More generally, however, India is a key opportunity market for Essentra. The end-markets for the company's specialty components - such as industrial products - are sizeable and well-established, exhibiting annual growth of up to 20%. Accordingly, we will continue to invest - as appropriate - to support these future revenue growth opportunities, in pursuit of our overall group objectives.

Q: Who are your competitors in the global and developing markets?

A: In the specialist secondary healthcare packaging space, our multi-region or global competitors would include companies such as Multi Packaging Solutions International (MPS), WestRock, and Edelmann.

In India, the main competitors would be local packaging companies like Global Packaging, Noble Packaging, Temple Packaging and Ansapack.

Q: Tell us about your innovative products.

A: Essentra has just launched a line of cartons and labels designed to support the emerging regulatory requirements for serialization and tamper verification. We are also working on more innovative designs to support patient compliance. Essentra will bring a global perspective to the local market in India by sharing best practices and learnings from our business in North America and Europe.

In particular, we will be bringing unique carton designs forward that support compliance and tamper verification requirements. We will also be sharing information on trends relating to packaging and literature.

Q: Financially, how did Essentra perform in the last fiscal?

A: Globally, Essentra's packaging business unit had a turnover of Â£394.4 million GBP in 2015. Of this, approximately 75% of the business is related to the health and personal care industries.

Q: Any acquisitions planned?

A: While M&As are an important part of our global growth strategy, we do not comment on deals until formally announced to the financial markets.

Q: Starting from 2016, where does your biggest opportunities exist?

A: Prior to the acquisition, Essentra was not in a position to service the secondary pharma packaging market with local carton manufacturing, so the acquisition expands Essentra's offering to pharma companies in India.

This will enable us to better service the needs of customer locations in India - improving delivery times and our ability to respond to market requirements.

Q: Future plans in India and APAC?

A: We expect continued growth in the secondary healthcare packaging industry. On a global basis, growth is expected to be approximately 3% between 2014 and 2018. Within India, the overall pharma market is expect to grow with a CAGR from 2015 to 2020 between 10% and 17%. Healthcare packaging will continue to be strongly influenced by regulatory factors, patient compliance, and authentication or anti-counterfeiting efforts.

From a regulatory standpoint, Governments are seeking to implement a mix of changes to packaging from including serialization codes on packaging to tamper verification features. These regulations will take effect over the next several years and vary by country.

Patient compliance will also continue to be a focus area for manufacturers as if patients do not take the drugs, then their efficacy is challenged which can then lead to a lack of support for certain drugs within the public health system. In addition, an aging population will need special consideration when it comes to the design of pharmaceutical packaging.