Indian Glass and Ceramics Industry has several segments

This document focuses on Glass, Ceramic Tiles and Sanitaryware segments.

Indian Glass & Ceramics Sector

Glass

- Flat Glass
- Container Glass
- Specialty Glass
- Fiber Glass

Ceramics

- Tiles
- Sanitaryware
- Abrasives
- Advanced Ceramics
Glass production in India is growing across segments

Rapid growth in auto and construction sectors are the key drivers for high growth in sheet and float glass.

Production of Sheet and Float Glass

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (million square metres)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>125</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>127</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>718</td>
<td>723</td>
</tr>
<tr>
<td>2004</td>
<td>723</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>990</td>
<td>67%</td>
</tr>
</tbody>
</table>

Production of Bottles and Glassware

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (‘000 tonnes)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>1,420</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>1,550</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>2,100</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

Production of Lab Glassware

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (‘000 tonnes)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>21.9</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>20.5</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>19.9</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>25</td>
<td>6%</td>
</tr>
</tbody>
</table>

Production of Fibre Glass

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (‘000 tonnes)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>63</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: Department of Commerce, 2007
Exports of glass products have also been increasing

Upgradation in technology and replacement of traditional production methods have enabled higher exports.

Source: Ministry of Commerce, GoI – Export – Import Data Bank
Exports of glass products have also been increasing

Country-wise Exports (2007-08)

Exports of Glass Items (2007-08)

Source: Ministry of Commerce, GoI – Export – Import Data Bank
Demand for Ceramic Tiles has been booming

Growth in building construction has driven the surge in demand for ceramic tiles.

![Bar chart showing production of ceramic tiles from 2005-06 to 2007-08](Source: Department of Industrial Policy and Promotion, 2007-08, Cygnus Research)
Demand for Ceramic Tiles has been booming

India is the fifth largest producer of tiles in the world.

Regionwise share of production of Ceramic Tiles - 2007-08

Ceramic Tiles Segment-wise Share

Source: Department of Industrial Policy and Promotion, 2007-08, Cygnus Research
Sanitaryware segment has grown rapidly in recent years

- Construction in India has been booming, driving growth in sanitaryware
- Sanitaryware penetration in India is low – about 30 percent – indicating the potential for sustained growth
Both exports and imports of sanitaryware are increasing

Exports of Sanitaryware

<table>
<thead>
<tr>
<th>Year</th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>14.1</td>
</tr>
<tr>
<td>2004-05</td>
<td>17.9</td>
</tr>
<tr>
<td>2005-06</td>
<td>18.7</td>
</tr>
<tr>
<td>2006-07</td>
<td>20.7</td>
</tr>
<tr>
<td>2007-08</td>
<td>23.9</td>
</tr>
</tbody>
</table>

CAGR 14%

Source: Ministry of Commerce, GoI – Export – Import Data Bank
Key success factors in the Indian Glass and Ceramic Industry

**Technological capability**
- To meet the needs of demanding user segments
- Increasing alignment with global standards
- Increasing need for product customisation

**Energy efficient manufacturing**
- Energy constitutes nearly 30 per cent of manufacturing costs
Key success factors in the Indian Glass and Ceramic Industry

Supply chain management

• To cater to a geographically spread out market
• User segments moving towards Just In Time (JIT) supplies

Branding

• End customers are becoming brand conscious
• Need for differentiation in a competitive market
Case study of a successful player in India – Saint Gobain

• The Saint Gobain group entered India in 1996 by acquiring a majority stake in Grindwell Norton.

• Four of its divisions are operating in India, through six companies

• Saint-Gobain Glass India Ltd. is Saint-Gobain’s largest greenfield venture in India

• It is located at Sriperumbudur near Chennai, Tamil Nadu, with an initial investment of US$ 125 million

• The plant manufactures float glass for mirrors, architectural, automotive segments and other applications (solar panels, photo framing, etc)
Case of a successful player in India – Saint Gobain

Factors for success include:

- Strong local management, commitment of resources
- Investing in people development to overcome lack of skills
- Vertical integration and development of quality supplier base
- State of the art technology, strong brand building and wide distribution network
- Leveraging Indian operations for exports
Profile of other Key Players

Asahi India (AIS)

• AIS is an integrated glass manufacturer that produces automotive safety glass, architectural processed glass, float glass and glass products

• The company was formed in 1987, and has since recorded steady growth

• Turnover in FY 2007 was US$ 225 million

• The company has three strategic business units – AIS Auto Glass, AIS Float Glass and AIS Glass Solutions

• It is the largest supplier of automotive safety glass for the Indian auto industry, accounting for nearly 81 per cent of the requirements of the passenger car industry
Profile of other Players

Hindustan Sanitaryware

- Hindustan Sanitaryware is the flagship company of the Somany Group, and was set up in 1962 in collaboration with Twyfords, UK
- Its brand, Hindware, accounts for about one third of the Indian sanitaryware market
- The company exports about 10 per cent of its output to countries across the world, including Australia, UK, America, Middle East countries and Africa
- The group’s other companies in the sector include AGI Glaspac, which manufactures high quality glassware, and Hindware Home Retail Private Limited, which focuses on home interiors retail
Profile of Key Players

Parryware Roca Pvt Ltd.

- The company is a 50:50 JV between EID Parry, a Murugappa Group company based out of Chennai, and Roca Sanitario of Spain
- The company is headquartered in Chennai and manufactures a range of bathroom products such as vitreous sanitaryware, seat covers, cisterns, bathtubs, electronic flushing systems and sinks
- The company is the biggest sanitaryware player in India and was ranked tenth in the world in 2007 (Ceramics World)
- It has a wide distribution network of over 100 showrooms, through which it not only sells and services sanitaryware products, but also promotes ideas and concepts to improve bathroom utility and aesthetics
Profile of Key Players

H&R Johnson

• One of India’s foremost manufacturers of ceramic tiles, the company produces wall and floor tiles for a range of interior, exterior and industrial applications

• The company has plants in four locations – Dewas (Madhya Pradesh), Pen (Maharashtra), Kunigal (Karnataka) and Karaikal (Pondicherry)

• Turnover of US$ 205 million (INR 9260 million) in 2006-07

• The company plans to increase penetration in smaller towns and rural markets to fuel growth
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