



# Growing confidence stimulates flaconnage diversification

Vijay Shah, Executive Director of Piramal Enterprises Ltd and Director of Piramal Glass Ltd speaks exclusively to *Glass Worldwide*. For nearly three decades, he has led the Piramal Glass organisation in its pursuit of diversification and manufacturing excellence, especially in the international pharmaceutical, cosmetics and perfumery sectors.



Vijay Shah is Executive Director and Chief Operating Director of Piramal Enterprises Ltd and Director of Piramal Glass.

India's Piramal Group has emerged as a diversified and multi-national industrial conglomerate in recent decades, with a balanced portfolio of interests spanning custom manufacture for the international pharmaceutical industry, financial services, real estate development and specialist information management for the healthcare sector. The group's glass packaging business, Piramal Glass, represents 25% of turnover and has its origins in India's Gujarat Glass, although the present-day operations are markedly different from the original organisation.

Vijay Shah joined the group in 1987 and within three years, had taken charge of Gujarat Glass as General Manager, aged 33. Gujarat Glass had been acquired by Ajay Piramal, second generation owner of the Piramal Group and Chairman in 1984. The original Kosamba factory housed two small furnaces, one melting amber and the other producing type I borosilicate glass, both for pharmaceutical packaging. "At the time I joined the business, Gujarat Glass was the worst performing company serving the glass

pharma sector in India" Mr Shah recalls. His first few years were focused on improving quality and service and within three years, the business had been transformed to become national market leader, with a 50% market share.

The dramatic quality improvements realised in products, service and hygiene were assisted by the parent group's existing pharmaceutical sector activities. "Customers noticed the difference in our products because they were used to being supplied by glassmakers who made beer bottles and adopted a very different approach" says Vijay Shah. In recognition of the progress made, for some 20 years the plant has been consistently recognised as the best packaging vendor by the Organisation of Pharmaceutical Producers of India.

## COSMETICS DIVERSIFICATION

An important facet of the company's advancement was its ability to diversify into the manufacture of flaconnage at Kosamba during the late 1990s. Vijay Shah had studied many of Europe's specialist cosmetics glass producers and observed the distinction of making these smaller, high quality bottles in shorter production runs. He recommended diversification into cosmetics, starting with nail polish and then perfumery containers, utilising the services of European technicians to improve quality levels.

"These were the years that I started sowing the seeds of using vial lines to make nail varnish bottles. Around that time, I was also looking at getting into tumblers, although this diversification did not materialise." Mr Shah continued to explore other market opportunities, however, leading to the acquisition of an existing, state-owned glassmaker (Ceylon Glass) in Sri Lanka in 1999.

Simultaneously, his mind was working on the nail polish business, where consistent growth could be identified. Despite Vijay Shah's transfer away from the glass operation to the group's pharmaceutical business for six years, the

team pursued his strategic plan for nail varnish. The business grew rapidly, resulting in strong export sales throughout Europe and other parts of the world. Today, Piramal Glass is responsible for supplying 50% of the world's nail varnish bottles.

## SUCCESSFUL RETURN

At the request of Ajay Piramal, Vijay Shah returned to run the group's glass operations in 2005. "I was happy because glass is my first love and I had nurtured the company in the past." His return to the glass business was dictated primarily by the need for strong and experienced leadership to turn around the operations of the recently acquired cosmetics and perfumery glass manufacturing and decoration operations of the erstwhile Wheaton Glass in the USA, as a Chapter 11 company (ie bankruptcy proceedings).

By that time, the glassmaker operated plants in India and Sri Lanka, had already conducted a small foray into perfumes and was attempting to make perfume bottles and skincare jars. Prospective customers lacked confidence in the initiative, however, questioning the glassmaker's skills and understanding of the complex processes involved. "Although getting into nail varnish had not been easy, requiring considerable effort to gain >



The Flat River glass plant in Missouri houses two melting furnaces and 12 production lines.





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the necessary expertise and quality levels, the breakthrough into perfumery was even more difficult” Mr Shah explains. “We realised that in perfumery, you need craftsmanship, knowhow, support and decoration skills etc.”

Any knowhow shortfalls were addressed via the acquisition of the former Wheaton cosmetics and perfumery business in the USA, whose existing customers included L’Oréal and Estée Lauder. “We wanted something to bring knowhow and a customer base to our glass group and although it was a complex procedure, the deal was successfully completed in 2005.”

The former Wheaton operation required significant financial support over the next four years to regain its profitability, however, involving investments of some \$75 million, including \$32 million to fund capital losses. High capital expenditure was also required in India and Sri Lanka for the glassmaker to compete successfully for prestige European orders. In 2007/2008, new furnaces were installed to increase Indian manufacturing capacity to 200 tonnes (100 tonnes each at the Kosamba and Jambusar factories), while capacity was doubled in Sri Lanka. Collectively, these major investments had a short-term negative effect on the organisation’s financial performance but Vijay Shah’s long-term business plan enjoyed the full support of Piramal Group Chairman, Ajay Piramal.

As predicted, the business gradually returned to full profitability, recording its most successful results ever in 2012. “We were given opportunities to prove ourselves with perfumery bottles and started to show impressive references in Europe” Mr Shah confirms. “Subsequently, we have been growing in volume terms... in nail varnish and perfumery, for example, there has been a 15% volume increase year on year, while our pharmaceuticals market share has been maintained. Via the USA acquisition, we found a new market where customers don’t need NNPB bottles, creating a huge distribution market in the USA that is supplied from India, making our Indian pharmaceuticals business much more export focused.”

Vijay Shah’s vision was for the Kosamba plant in Gujarat to serve premium international perfumery and cosmetics brands in Europe and North America, with its sister Jambusar factory (also in Gujarat) focussed on the Middle East’s growing mass perfumery market but ready to help colleagues at Kosamba should demand for premium ware exceed capacity in the future.



One of the six furnaces at Kosamba.

### FOCUSED INDIAN PLANTS

The original Gujarat Glass factory, Kosamba features six furnaces and 25 production lines, manufacturing approximately 400 tonnes/day. In 2016, a brownfield expansion project was undertaken, involving the addition of a 60 tonnes/day furnace and four lines, devoted to international perfumery and nail varnish customers. This state-of-the-art manufacturing facility features equipment and processes on par with the best in the world. According to Mr Shah, the capacities of two existing furnaces (one of 100 tonnes, the another of 50 tonnes) will be merged into a new installation next year in an effort to optimise energy efficiency and productivity levels and further investments in technology to, once again, create a facility surpassing the best in Europe.

Some 2500 people are employed at Kosamba, plus 1000 at a nearby decoration facility, featuring frosting, pad printing and screen printing

technologies, sourced from such companies as KBA-Kammann.

Now concentrating on producing for mass markets, the Jambusar glassworks also features three furnaces and 22 production lines, with a daily capacity of approximately 520 tonnes. Employing some 250 people, the factory was built as a greenfield project 15 years ago, initially just with an amber furnace. Subsequently, two white flint furnaces were added to meet mass production nail polish and perfumery demand, while additional manufacturing capacity was introduced in 2008 to accommodate demand for food packaging as well.

### STRONG PERFORMANCE IN SRI LANKA

The Piramal Glass factory on the outskirts of Horana, Sri Lanka serves the food and beverage sectors. This facility was relocated from within the city, a project that involved increasing nominal capacity from the factory’s single furnace from 120 to 225 tonnes. And this summer, furnace capacity was increased again to 300 tonnes/day, in particular to accommodate growing export demand for speciality liquor bottles.

Since acquiring the plant in 1999, Piramal has been serving India’s premium liquor market and was the first facility in the region to adopt forehearth colouring. A strong export performance has raised quality levels, with 30% of sales now destined for such countries as Australia and New Zealand.

Approximately 500 people are employed at the site. While Vijay Shah is Chairman of the Sri Lankan operation, with the exception of an Indian CEO, almost all other employees are locals. “Together, >

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The Piramal Glass factory on the outskirts of Horana, Sri Lanka serves the food and beverage sectors.



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### REGIONAL USA EMPHASIS

Vijay Shah is keen to allay fears that plans are afoot to consolidate all production on the Indian sub-continent, resulting in the closure of glass production and decoration facilities at Flat River, Missouri and Williamstown, New Jersey respectively in the USA. Although Piramal is planning to move its perfumery and cosmetics business to India, the strategy created for Flat River is to focus on serving growing North American demand for premium quality brandy and other specialty liquor bottles.

The glassworks currently houses two melting furnaces and 12 production lines, featuring Bucher Emhart Glass technology and manufacturing approximately 200 tonnes/day. Gradually, the equipment is being adjusted to better serve the interests of the factory's revised target audience, however.

According to Vijay Shah, there is also still an important role for the New Jersey decoration plant to play. "We still need this facility, even with the change of emphasis, as many specialty bottles are beautiful and need to be decorated."

### SUPPLIER SELECTION CRITERIA

"We decided a long time ago that we have to be the world's best in terms of resources if we want to succeed in



Kosamba features six furnaces and 24 production lines.

the USA and Europe" the Piramal Glass Director confirms. "So we use expert companies like HORN and SORG for furnaces, IS machines from Bucher Emhart or Bottero, stackers from Sheppee and inspection equipment from experts in France such as SGCC (now Tiamo). You cannot compromise on the quality of technology."

Even with the best equipment and everything that has been invested in automation, however, Mr Shah also emphasises the importance of his workforce having acquired the necessary craftsmanship, expertise and knowhow to make high quality glassware. "Every time a new product is developed, there is another learning curve. It's not a perfect science but time and again, we prove ourselves and things soon settle down."

### FEDERATION BUSINESS

While constant business travel commitments limit Vijay Shah's personal involvement with the All India Glass Manufacturers' Federation, he is keen for Piramal Glass colleagues to attend its regular meetings. "AIGMF does a very good job as it embraces all sectors of the glass industry and helps organise our affairs in India, dealing with local suppliers, energy issues, taxes etc."

Similarly, glasspex INDIA exhibitions and the associated AIGMF conferences are considered very useful meetings, avoiding the group's total reliance on attending glasstec in Germany to discover the latest

developments in technology.

"In addition, AIGMF's co-operation with *Glass Worldwide* (preferred international journal of AIGMF in co-operation with *Kanch*) is very useful because it improves the content of *Kanch*. We subscribe to several copies of *Glass Worldwide* because it's the global industry's most useful magazine. Our senior people go through every issue because it is very informative on the industry's latest developments."

### GROWING CONFIDENCE

Vijay Shah is extremely proud of Piramal Glass's achievements within the past three decades and is confident of realising further significant growth in the future. It is his dream to make Piramal the world's leading flaconnage supplier, not only for nail polish and mass perfumery bottles but also high end perfumery ware.

"Only a glass person can understand that you need to teach the workforce to make very good bottles and that's the process we are going through" he concludes. "The learning curve is very tough... you can have the best equipment but to replicate a bottle takes expertise."

With an annual growth rate of 15% and customers throughout the world, Piramal Glass now aims to be dominant in Europe. "Lack of proximity to the European market means we don't get many of the big new launches but we surely get the long running brands and confidence is growing." ■



Production at the Jambusar plant in Gujarat.

### FURTHER INFORMATION:

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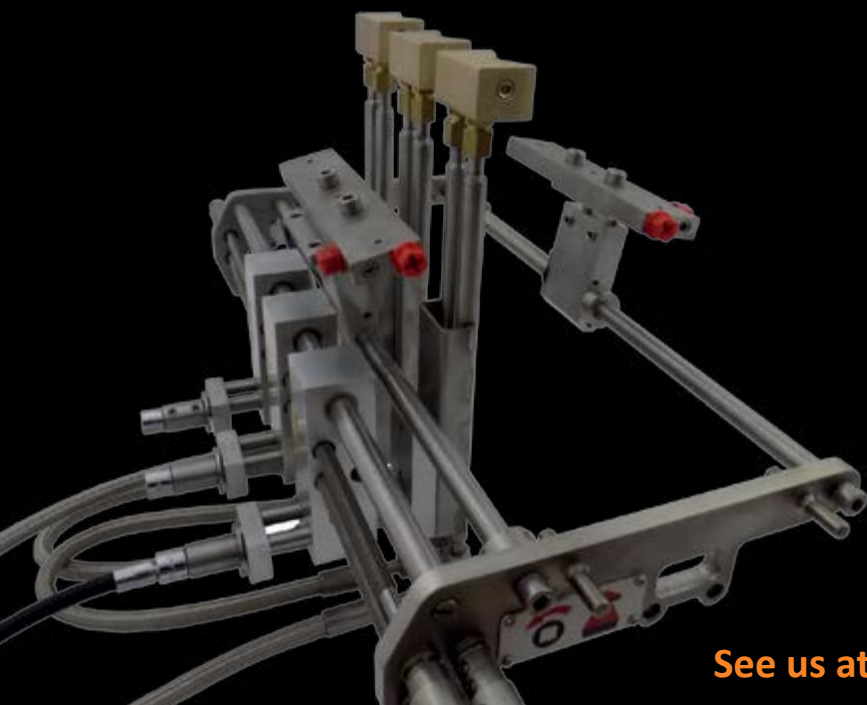
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