

Indian glass industry bounces back

Ahead of glasspex India and the concurrent AIGMF 14th International Conference, Sunder Singh reports on recent activity in the Indian glass industry and considers the rising demand for its flat glass and container products in this feature for *Glass Worldwide*, preferred international journal of the AIGMF.

Macro factors indicate that Indian glass industry is expected to do well in short and medium term. With a GDP growth rate of 6.7%, India was the fastest growing major economy in 2022. According to IMF projections, the Indian economy is expected to grow by 6.1% in the current year and by 6.8% in 2024. Steady economic growth, increased foreign investment and the rapid pace of urbanisation, are fuelling optimistic forecasts for further strong growth in consumption (having a direct impact on container and automotive glass) and construction (which drives architectural and float glass demand).

India's construction sector has registered very healthy growth rates during the last two calendar years. Following increases of 18% in 2021 and 10.8% in 2022, total investments in construction are expected to exceed US \$500 billion this year and US \$600 billion in 2025. Civil engineering takes the lion's share, but the major driver of architectural glass demand – the



As preferred partners, AIGMF and Glass Worldwide will again be present at glasspex India in September 2023.

residential segment – accounts for almost one fifth of the total and continues to register double-digit growth rates. During January to March 2023, housing sales reached their highest level at any time in the past decade, driven by increased demand not only in Tier I cities but also in Tier II and smaller towns due to the rise of the middle classes and the Indian government's efforts to develop industry and infrastructure links within and between the major cities.

In early 2023, India has become the world's most populated country. It has surpassed China and is now the most populous country in the world, according to a United Nations Population Fund (UNFPA) report titled 'The State of World Population Report, 2023'. The report indicates that India's population is 1.4286 billion while China's stands at 1.4257 billion, making a difference of 2.9 million.

The report shows that 25% of India's population falls within the age group of 0–14 years; 18% of people are aged 10–19 years; 26% are aged 10–24; 68% are aged 15–64; and 7% of the population are older than 65. Conversely, 17% of China's population falls within the 0–14 years age bracket; 12% are aged 10–19 years; 18% are aged 10–24; 69% are aged 15–64; and 14% are over the age of 65.

India's demographic advantage – its young population – in a consumer-driven economy will be a significant factor in driving development and will present an enormous opportunity for the country's flat, container, and tableware glass industry.

Container glass

The Indian container glass industry saw a marginal increase in installed capacity over the last 18 months with both AGI Greenpac and SCHOTT India augmenting their resources for ▶



The beer segment is expected to lead to significant growth in the container glass industry.



India's young population and consumer-driven economy present opportunities for the country's tableware, container and flat glass sectors.

speciality and pharmaceutical tubing, respectively.

Container glass requirements from the beer and spirits sub-segments are expected to lead to significant demand growth for this industry in the short and medium term – in fact, the country will need more capacity in the coming years to meet [these targets].

India is amongst the largest alcoholic beverage producers and the third largest liquor market in the world. Key demand drivers of the industry have been growing disposable income, favourable demographics in the country (wherein India is expected to add a sizeable population to the legal drinking age each year), changing lifestyle and societal norms (with increasing acceptability of alcohol on social occasions), and urbanisation, along with an increasing number of pubs and bars in the country.

Growth in beer consumption has outstripped spirits in India during most of the last decade. Unlike in Western countries, Indian container glass accounts for nearly 90% of [its] beer packaging, with metal packaging yet to make inroads.

AGI Greenpac

At the start of 2023 AGI Greenpac commenced commercial production from its 154tpd speciality container glass production plant. Speaking during the company's financial results presentation in January 2023, Rajesh Khosla, CEO of AGI Greenpac said, "The company commenced commercial production of its specialty glass manufacturing plant, set up in Telangana with the installed capacity of 154 tonnes per day with effect from 1 January 2023. The continuing domestic consumption augurs well for our high-end and value-added products produced from this manufacturing facility."

Hindustan National Glass & Industries Limited

India's largest container glass producer in terms of installed capacity, Hindustan National Glass Limited (HNG) may finally be acquired by rival AGI Greenpac this year, with national monitoring agency Competition Commission

of India (CCI) granting its approval to AGI Greenpac for the acquisition of HNG in the first half of March 2023.

However, in the second week of April, Independent Sugar Corporation (INSCO) filed an appeal in the National Company Law Appellate Tribunal (NCLAT) against Competition Commission of India, challenging its decision for granting the approval to AGI Greenpac for the acquisition of HNG. In the appeal petition, INSCO mentioned that CCI didn't have requisite quorum to pass the order.

Earlier, in October, 2022, the appointed resolution professional of HNG had issued a Letter of Intent (LOI) dated 28 October 2022 declaring AGI Greenpac a successful resolution applicant with due authorisation of committee of creditors of the debtor. The company had given its acceptance on the LOI and issued underlying performance-bank guarantees as per requirement of LOI. However, at that time the CCI had not accorded its approval and had sought clarifications and details regarding the acquisition. The enterprise value for the deal stood at around (US) \$273 million (INR 22.130 billion).

SCHOTT India

In March 2023 the Indian arm of German pharmaceutical glass producer SCHOTT held a ceremony for the production start of a new glass melting tank for amber pharma glass tubing at Jambusar-based plant in the state of Gujarat.

The German company has invested €75 million (approx. INR 6.6 billion) over three years to double SCHOTT's pharma tubing capacities in the region. The Jambusar production plant is SCHOTT's manufacturing hub for borosilicate glass tubing – a high-quality material that is converted to pharmaceutical containers, such as vials, ampoules and syringes. Amber glass is used to store light-sensitive medications such as antibiotics or chemotherapeutic agents. The local production will also improve availability, planning reliability, and cost efficiency for pharmaceutical converters.

On the occasion of the opening ceremony, Pawan Kumar Shukla, Managing Director of SCHOTT Glass India, commented: "We have been a reliable partner for the healthcare industry in India for decades and are pleased to expand our local footprint even further. We combined Indian and European state-of-the-art technologies with local skills to manufacture premium quality borosilicate glass tubing. This unique mix allows us to offer specifications that meet the high standards of the international pharma industry." [For an exclusive interview with Pawan Kumar Shukla, see page 32.]

Flat glass

Saint Gobain India's commercial commencement of its third float glass line at Sriperumbudur in March 2022 was the sole addition to the country's flat capacity in the last 18 months. With the new line, Saint Gobain India operates a total of five float glass lines: three in Sriperumbudur, one in Gujarat, and one in Rajasthan.

Gold Plus Glass is also working aggressively on one of its float glass lines in Belgaum. This line is expected to commence commercial production either in the last quarter of this year or first quarter of 2024.

Architectural segment

Following a prolonged slowdown, demand for flat and processed glass has started to show healthy signs in India, in line with the recovery of the real estate market since the start of 2022. Inventory overhang in the residential market has come down from 48 months in Q1 FY22 to 42 months during January–March 2022. This figure came down by another two months during October–December 2022. Demand is gradually improving in the commercial real estate market as employees



have started returning to the office. Growing real estate demand will increase demand of float and processed glasses in the country.

Bumper year for automotive glass

The financial year 2022–23 has been one of the best for Indian automotive glass producers in the recent memory. Total passenger vehicle (PV) sales in the country grew 26.7% to 38,90,114 units in the fiscal year 2022–23, compared with 30,69,523 units in FY 2021–22, according to data from the Society of Indian Automobile Manufacturers (SIAM).

Utility vehicles (UV) accounted for 52% of the total PVs sold at 20,03,718 units, rising 48.5% from 14,89,219 units in FY 2021–22, the SIAM figures show.

"Financial year 2022–23 has been a year of consolidation, post-Covid," stated SIAM President Vinod Aggarwal. "The year started again with supply chain disruptions from the Ukraine conflict. However, with efficient management of supply chains and better availability of commodities, especially for electronics items, prices have moderated over the year, though they remain a concern. The Passenger Vehicle segment posted the highest ever domestic sales surpassing the previous peak in 2018–19."

Along with the increase in automobile production, usage of automotive glass per vehicle is also increasing in India. Previously skewed towards hatchbacks, India's automotive industry has started to see a change in market dynamics. Post-pandemic, the hatchback has significantly lost market its share to multi-utility vehicles (MUVs) and sports-utility vehicles (SUVs). SUVs and MUVs are bigger sized cars with bigger windscreens, while SUVs are often fitted with sunroofs. All these factors are increasing the scope for greater glass application in passenger vehicles.

Saint Gobain Glass India

India's largest flat glass producer Saint-Gobain Glass India inaugurated its third float glass line in Sriperumbudur in the southern state of Tamil Nadu during the first quarter of 2022. Along with the float glass line, the company also inaugurated an integrated windows line and Saint-Gobain – SIPCOT Urban Forest at the Sriperumbudur production complex.

Set up with an investment in excess of INR 5 billion, it has taken cumulative investment in Saint-Gobain's World Glass Complex to more than INR 37.50 billion. Globally, the World Glass Complex at Sriperumbudur, continues to be the group's single largest investment destination.

"We began our greenfield investments in the country close to two and a half decades ago," noted Benoit Bazin, Chief Executive Officer, Compagnie de Saint-Gobain. "We are very positive about our economic, business and social results. We will continue to innovate by developing products and solutions that are lighter, recyclable and produced using 'low-carbon' materials and processes. Our experience in India has been extremely good; we have sustained high growth rates for a long period and have leadership positions in building materials. We strongly believe in India's future and have consistently invested ahead of time in capacity, capability, technology, innovation and people. I am glad that with today's investments, the World Glass Complex continues to be a shining example of the faith that we have in India".

Gold Plus Glass

Gold Plus Glass Group has finalised [a project in] Belgaum in the state of Karnataka to set up two float glass lines and a solar glass line. These production facilities are expected to commence commercial production by FY 2024–25 according to company's management. With an installed capacity of 1250tpd, Gold Plus Glass is the second largest float glass producer in terms of installed capacity. ▶



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Solar glass

Production of solar glass has attracted maximum interest and investment in India over the past few years. Existing solar glass producer, Borosil Renewables has chalked out ambitious expansion plans to increase its production capacity in the country.

Global supply chain bottlenecks and heavy rains in Gujarat delayed the commissioning of Borosil Renewables' third furnace in 2022, however trial production started on 26 January 2023. The furnace is under stabilisation [at time of writing] and the company expects to commence commercial production soon. With this addition, Borosil Renewables will increase its installed capacity from, 450tpd to 1,000tpd (equivalent to 6 gigawatts).

Through its overseas subsidiary Borosil Renewables acquired 86% of Germany-based solar glass producer Interfloat Corporation and GMB in 2022. Known as a high-quality producer of solar glass, GMB Interfloat will bring the Indian company a large chunk of the solar glass market in Germany and Europe. The acquisition extends Borosil Renewables' solar glass capacity by 300tpd and has also widened the company's range of offerings, including varying textures, coatings, dimensions and thickness, as well as bringing in synergies in manufacturing and sales operations in India and Europe.

Through its entity Gobind Glass & Industries, Gopal Glass Works has commissioned a new solar glass plant [see page 38 for an exclusive interview with Purvish Shah, Director of Gopal Glass Works] and Triveni Glass revealed plans to set up a solar glass manufacturing plant in the state of Andhra Pradesh [Factory Spotlight to follow in a future issue of Glass Worldwide].

New entrants Asahi Glass, Gold Plus Glass Group and Emerge Glass have also made declarations to set up solar glass production plants.

Asahi Glass India announced the launch of a greenfield solar glass manufacturing project at the port city Mundra, in the state of Gujarat in a minority partnership with Vishakha Group in December 2021. The first phase of this plant is expected to commence commercial production by the end of 2023.

As previously mentioned, Gold Plus Glass Group is establishing a solar glass production plant in Belgaum in the state of Karnataka.

Rajasthan-based Emerge Glass, an existing sheet and



Automobile production and usage of automotive glass per vehicle is increasing in India.

container glass producer, is setting up a solar glass production plant at Kotputli. The company has commenced civil construction for the 300tpd solar glass plant. Expected to commence commercial production in the last quarter of 2024, Emerge Glass has entered into a technological collaboration with China Triumph International Company Ltd (CITEC) for setting up this project.

Cost of fuel and materials

Since February 2022, repercussions from the Russia-Ukraine war have posed significant challenges to the global manufacturing industry, including India's. Glass production, which is highly dependent on natural gas and other hydrocarbon fuels, has been severely impacted due to astronomically-expensive natural gas (NG) last year. The price of NG remained very high in India for most of 2022 and the first two months of 2023, leading to high energy costs for glass production. Glass manufacturers in the country were forced to switch to

cheaper alternatives such as furnace oil and coke. In March and April the price of NG came down significantly, providing much-needed relief to glass producers, but contracts for the fuel are often medium and long-term in nature, so it will be a while before the benefits of price reductions start reflecting in companies' balance sheets.

Much like the fuel prices, the cost of soda ash also touched record highs in 2022; however, prices for the material [in India] have come down significantly in the last four months. ●

- 1 For more on this see *Glass Worldwide's* interview with Gold Plus Glass CEO, Jimmy Tyagi in the March/April 2022 issue.

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14th AIGMF International Conference

Decarbonization for the Sustainable Glass Industry

Bombay Convention & Exhibition Centre,
Goregaon (E), Mumbai, India

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