



Saint Gobain India

A Towering Future

French multinational Saint Gobain has seen rapid expansion of its operations in India, ever since it acquired a domestic company in 1996. A report by **Aradhana**.

GLASS towers prominently dot the urban Indian landscape these days, as architects and builders design structures using glass that not only reduces the weight on a foundation by up to 12 times, but is also able to withstand heat, cold, dust and rain.

Glass cladding on office towers, IT parks, hotels, hospitals and even residential buildings is a common sight across Indian metros and some tier II and tier III cities.

Says Sonali Bhagwati, director Spazzio Design Architecture: "Glass is becoming an increasingly popular building material as it allows transparency. Today, so much more is possible with glass because of technological advances in terms of enhanced strength, increased safety, superior acoustics and exceptional energy control. Architects are experimenting with all that is possible with the functionality of glass."

Glass has several advantages over other materials, including the fact that it not only makes structures look elegant, but also optimises the use of natural light, she adds. "Use of glass also creates spaces as it not only brings the outside

inside but also opens up spaces inside."

One company that has helped bring about this transformation in the design of buildings in India is French major, Saint-Gobain Glass India (SGGI), a leading player in the flat glass and architectural glass category.

"Our real dream for India is far beyond numbers," says B. Santhanam, managing director SGGI. "Numbers will follow but at the moment we are focussing on making Saint-Gobain synonymous with glass in India."

Santhanam's ambition outlines the initiatives he has undertaken to make the brand popular since its inception in India in 2001. Within a short span of eight years, the company has emerged as the leading player in the flat glass industry with a market share of 40 per cent and a strong brand.

Says an industry observer: "SGGI pioneered several products and manufacturing innovations that have helped in the emergence of product differentiation and segmentation in what was seen as a commodity market."

According to Santhanam, "What makes us especially proud is the fact that despite being a 100 per cent owned



B. SANTHANAM: Beyond numbers

multinational in India we are 100 per cent managed by Indians."

So what led to Saint-Gobain's success in India? For the company, it has been a journey of well-planned investment and playing the market well. It has till date committed more than \$585 million to the country. It has invested over \$335 million at its plant at Sriperumbudur near Chennai,



LIVING SPACE: Glass offers a host of advantages including superior acoustics and exceptional energy control

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which is one of the largest investments by the company in a single location globally.

Spread over a campus of 177 acres, the world glass complex houses two float glass plants with a cumulative capacity to manufacture 1,500 tons of float glass every day, automotive processing lines

for tempering and laminating windshields, scalable to two million car sets, solar control reflective glass manufacturing facility to produce on-line coated glasses, a state-of-the-art mirror processing line, which makes eco-friendly (copper-free,

We have 1,000 employees in the facility in Chennai. With huge investments in the new unit, we expect to double the employee strength.

HIGH-END REALTY: Glass is today an integral part of design



lead-free) mirrors and a state-of-the-art magnetron coater facility to manufacture high performance energy efficient glass.

The company is now planning yet another world glass complex – on a larger scale – at Bhiwadi in Rajasthan. “We chose Rajasthan to set up the new facility as north India accounts for a third of the company's sales,” remarks Santhanam. “We will save on transportation of raw materials, which is currently shipped from our existing plant to north India.”

SGGI gets just a shade less than a third of its total sales from northern and western India. The site was also chosen to cater to the fast-growing industrial corridor being planned between Delhi and Mumbai. Santhanam points out that the company would also plan to expand the Chennai facility in the future.

The first phase of the new complex in Bhiwadi will see an investment of \$225 million in a float glass plant, one of the world's largest such facilities. It is planned to be operational by the first quarter of 2010. The next phase would see investments in other facilities so as to equip

SGGI in providing end-to-end solutions to the architectural, automotive and solar industries. The company plans to double its employee base in the country.

Says Santhanam: “We have 1,000 employees in the existing manufacturing facility in Chennai. With huge investments being made in the new unit in Bhiwadi, however, we expect to double the employee strength.” Globally, the Saint Gobain group employs more than 200,000 people. According to Santhanam, the domestic glass industry has been growing at 18-20 percent annually since 2000 on the back of economic growth and a booming construction sector.

The high-end realty segment, where glass has become an integral part of design, is growing much faster. “Trends like the green building movement have encouraged usage of glass in a more evolved manner,” he adds.

What are the challenges facing the company? “There is the challenge of excess capacity and this has meant that the profitability of the manufacturers has been under pressure,” points out Santhanam.

STRONG PRESENCE IN INDIA

In 1996, the Saint-Gobain Group acquired a majority holding in Grindwell Norton, its first acquisition in India. Since then, it has made substantial investments in the country and has steadily consolidated and strengthened its position.

Today, it has nine companies in India offering a variety of engineered materials. The Saint-Gobain Glass product range is offered through two companies:

- Saint Gobain Glass India Ltd manufactures and markets float glass from its plant at Sriperumbudur, near Chennai.
- Saint Gobain Sekurit India Ltd offers a range of automotive glass products.

The Saint-Gobain high performance materials product range in India is offered through four companies:

- Grindwell Norton Ltd produces and markets abrasives and ceramics and

plastics from its four manufacturing locations.

- St Gobain Vetrotex India Ltd manufactures and markets a range of reinforcement products from its plant situated near Hyderabad.
- St Gobain Crystals and Detectors India Ltd offers radiation detection and measurement products.
- SEPR India offers electrofused refractories.

The Saint-Gobain construction products range in India is offered through three companies:

- St Gobain Weber India Ltd manufactures and markets a range of industrial mortars.
- St Gobain Seva Engineering India manufactures special purpose machinery and toolings.
- India Gypsum Ltd manufactures and markets gypsum board, ceiling panels, plaster and other accessories.



ACCELERATING DEMAND: India's buoyant automobile sector has a huge requirement for glass products

"There is also a continuous upward spiral in the cost of inputs and energy, while revenues have remained more or less the same. So one has to evaluate the expansion strategy very carefully." Santhanam believes that glass consumption in India is set to rise significantly and will become a key driver in the booming construction sector. "Being a completely recyclable product, it will encourage the trend of green building movement," he adds.

SGGI – whose credo is 'Clear choice for glass solutions in India' – is also looking at strengthening its presence in the automotive sector.

Saint-Gobain Sekurit India Ltd supplies automotive glazing and modular components for the global vehicle manufacturing

sector and the replacement market. It caters to the Indian automotive industry as well, and is an OEM (original equipment manufacturer) for Tata Motors, Hyundai Motors, Toyota Kirloskar Motors, General Motors and Mahindra Renault, among others. It has two manufacturing facilities at Chakan and Bhosari near Pune and a new one at Sriperumbudur.

The global leader in manufacturing glass products has over 1,200 group companies in 50 countries across the globe. The group focuses on profitable growth, powered by technological excellence and innovation. With the construction sector continuing to grow at double-digit rates in India – and millions of sq ft of office, commercial, retail and

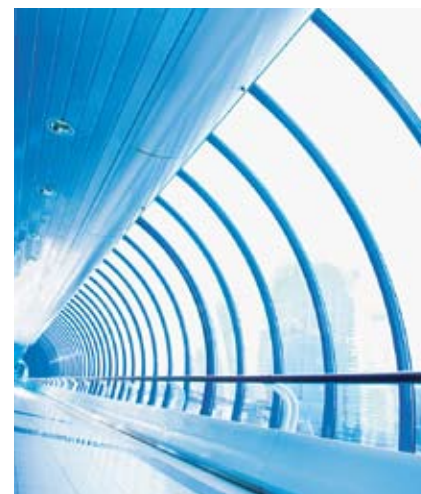
INVESTING IN R&D

Saint-Gobain, which globally has a research and development (R&D) budget of over \$600 million, recently entered into a long-term research collaboration with the Indian Institute of Technology, Madras (IIT-M), in the areas of advanced materials, energy conservation and environment protection.

According to Herve Arribart, director, R&D, Saint-Gobain, the collaboration is in line with its thrust on emerging markets like India. About four projects are expected to be taken up over the next one year; the first will focus on synthesis and characterisation of thin film materials, which could be used in photovoltaic and optoelectronic applications.

B. Santhanam, managing director, Saint-Gobain Glass India Ltd, says the researchers have the advantage of using its Sriperumbudur facility to test their innovations.

residential space being developed across the country – demand for SGGI's glass products is expected to continue to grow over the coming years. 🌈



KEY DRIVER: Glass consumption is expected to rise sharply

GLASS IS GREENER

The Indian glass industry has been growing at a consistent rate of around 18-20 per cent for the past few years. This is the result of a fast-growing economy and a booming construction sector.

The high-end segments are growing faster. Glass usage has become part of good design. And trends like the Green Building Movement have encouraged usage of glass in a more evolved

manner. Recent legislative trends and codification (which encourage the usage of Safety Glass and Energy Efficient Glass) also indicate that the usage of glass in the high performance segments should grow faster.

The Indian glass industry presents a number of opportunities for a company like SGGI, which has a presence in all segments of the industry.