

INDIA'S CONTAINER GLASS SECTOR

Focus on the beer industry

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THE INDIAN CONTAINER GLASS INDUSTRY

India has nearly 25 large-, mid- and small-scale container glass manufacturers. A few of these are dedicated to pharmaceutical glass, while the rest cater to the container glass demand of alcoholic and non-alcoholic

beverages, food, and cosmetics & perfumery sub-segments. Most of these non-pharmaceutical glass manufacturers supply container glass to beer producers in the country.

Led by Hindustan National Glass Industries (HNGL), AGI Glasspac and Can-Pack India, Indian container glass manufacturers have been experiencing steady growth rates in recent

years. Rising consumption of beverages (both alcoholic and non-alcoholic) has helped Indian container glass manufacturers to undergo a number of capacity expansions over the last ten years.

The spread of COVID-19 has severely impacted container glass businesses for producers of the beer industry. There has been severe disruption to regular busi-



India has emerged as one of the largest beer markets in Asia in the last two decades. The country's container glass industry has registered massive gains due to the rising consumption of beer in the country during these years. In fact, beer has become the most important sub-segment for the country's container glass manufacturers. Glass Machinery Plants & Accessories gives a detailed account of the Indian container glass industry catering to the country's beer industry and major glassmakers in this feature.

ness operations due to lock-down, disruption in transportation, supply chains and other emergency measures in the Indian container glass industry. With the exception of pharmaceutical glass manufacturers, most container glass manufacturers were forced to operate their production plants with curtailed production and manpower as per requisite permission from local administration. As a result, volumes for the quarter ending June 2020 were severely impacted. However, during the quarter ending September 2020, container glass business of most glassmakers showed signs of recovery compared to the quarter ending in June 2020.

THE INDIAN BEER INDUSTRY

Beer is one of the most important demand drivers for the con-

tainer glass industry in India. The Indian beer industry has registered robust growth in the last one and a half decades. From a total consumption of about 100 million cases in 2005, consump-

tion surpassed 300 million cases in 2019. The current industry size is estimated to be over 320 million cases per annum. A case of beer in India means 12 bottles of 650 ml. Three leading players contribute over 85 per cent of total industry sales. And since glass is the most preferred packaging format for beer packaging in the country, container glass manufacturers have registered huge profits from the proliferation of the beer industry in the country. The country's beer market has been strengthening on account of higher disposable income, rising preference for low alcohol beverage and gradual social acceptance. These factors are expected to lead to huge growth in the coming years.

The country's largest brewer, United Breweries Limited (UBL), which owns the popular Kingfisher brand of beer, is expecting further acquisitions and entry of new players in the Indian beer market, despite disruptions due to COVID-19 and higher taxes by some states.

Per capita beer consumption here is still very low compared to other countries in the Asia Pacific region and, therefore, the market could witness huge growth in coming years, which would be a



COUNTRY OUTLOOK

very positive outcome for Indian container glass producers.

Growth in beer (and container glass) consumption for the sub-segment would be led by factors such as the shift from hard liquor to beer consumption by consumers in India, increase in disposable income, change in societal perspective and others. Attitude towards alcohol consumption is evolving particularly amongst youth, working women and other urban population who are gaining an appetite for beer as social drinking has become a more adaptable lifestyle in metros and tier-2 cities.

Over 30 per cent of the total population in India comprises young people, and beer consumption is increasingly becoming part of their social interactions. Beer is gradually becoming a perfect after-work companion for corporate India as well.

However, there are a number of challenges in the Indian beer industry. For example, distribution of beer in India is still largely controlled by the state or state-owned corporations, resulting in stricter regulations across various states so as to have better control over prices, consumption and excise duty.

In fact, this regulation is the largest challenge for brewers in the country. In 2020, the state of Andhra Pradesh introduced a new alcohol policy, which cancelled existing bar licences and reduced the number of retail outlets by about 40 per cent. Such a conservative and anti-industry approach in a few states poses a challenge for the beer industry and indirectly for container glass producers.

MAJOR CONTAINER GLASS SUPPLIERS TO THE BEER INDUSTRY

A number of container glass manufacturers supply glass bottles to the Indian beer industry, such as Hindustan National

Glass, Can-Pack India, AGI Glasspac.

Hindustan National Glass

Incorporated in 1946, Hindustan National Glass Limited (HNGL) is the container glass leader for beer industry. The company has over 40 per cent of market share in the Indian container glass industry. It caters to all end user segments – Liquor, Beer, Pharmaceuticals, Processed Food & Cosmetics through seven state-of-the-art container glass manufacturing facilities spread over India.

HNGL started with a 30 TPD container glass furnace at Rishra, in the state of West Bengal in 1952. Over the years, the company grew organically and inorganically to the current installed capacity of about 4300 TPD with group turnover of INR 23 billion (USD 315 million) for the financial year 2020.

In the north of the country, HNGL has production bases in Neemrana, Rishikesh and Bahadurgarh. In the Southern region, the company has production bases in Naidupeta and Puducherry. The company's production bases in West in Sinnar

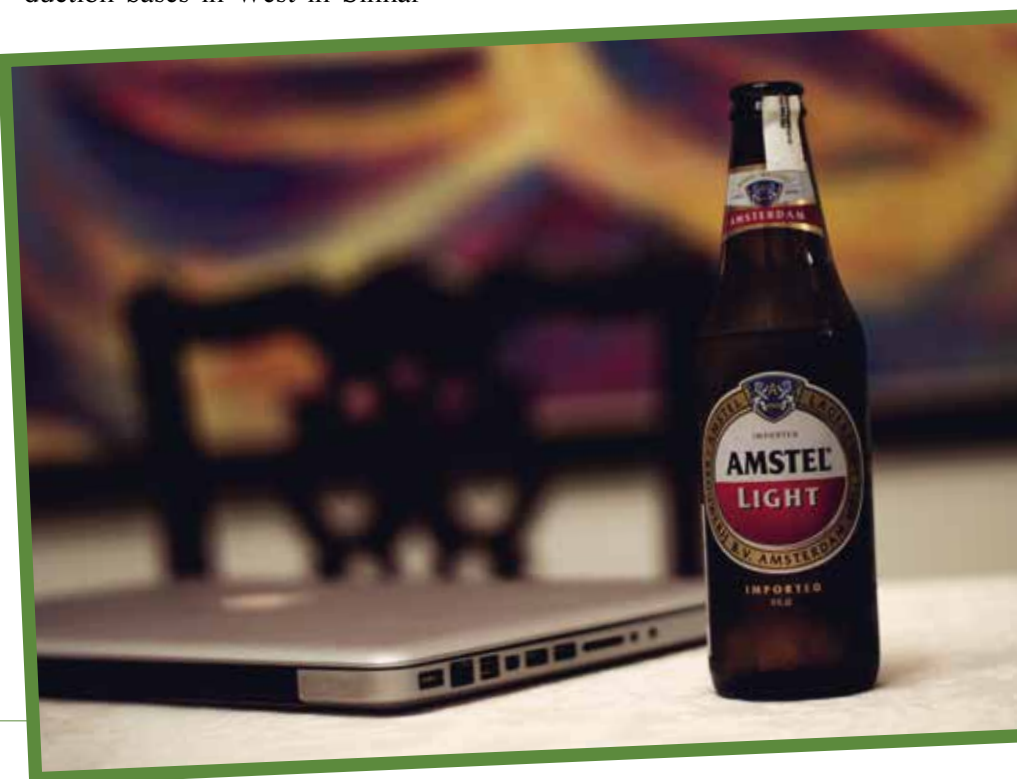


and Rishra in East provide a pan-India presence. HNGL operates a total of 13 furnaces, 62 AIS machines and 17 printing lines; open access power in most of the plants, with furnaces equipped to run on all three types of fuels – solid, liquid and gaseous.

AGI Glasspac

AGI Glasspac is among the top three manufacturers of beer bottles in India. The company has two container glass manufacturing facilities, one at Moti Nagar Hyderabad and the other at Bhongir, both engaged in the manufacture of glass containers for the packaging needs of food, pharmaceuticals, soft drinks, spirits, and other beverage industries.

With an in-house design facil-



TOP 10 BEER BRANDS IN INDIA



ity, mould manufacturing and ACL (Applied Ceramic Labelling) facilities, AGI has fully integrated operations. With the Hyderabad and Bhongir facilities put together, AGI today melts around 1,600 tonnes of glass per day, from 80 tonnes per day capacity in 1972.

AGI glaspac provides bottles to some of India's best known brewers, and supplies many brewers with quality glass beer bottles throughout India. The company's beer bottle range comprises mainly of 330ml and 650ml AIBA bottles, along with other patented designs which are meant for select customers. The company also produces beer bottles in 500ml size, as per select international customer requirement.

Can Pack-India Private Limited

Polish based Can-Pack Group operates a state-of-the-art container glass plant in the beer capital of India – the city of Aurangabad – in the state of Maharashtra. Aurangabad has largest concentration of breweries in India. Sixteen major breweries manufacturing some of the most prominent beer brands in India such

as Kingfisher, Carlsberg, Foster, Heineken, etc., are located in the Aurangabad district. The city accounts for about 14 per cent of the beer produced in India.

The huge demand for glass bottles from city based brewers, encouraged Can Pack India to embark on the construction of a container glass plant soon after the commencement of its aluminium operations. Can-Pack Group has made an investment of over INR 5 billion in the plant, which has an installed production capacity of 328,000 tons of glass containers per year. The company has a total of two furnaces and seven production lines. It is equipped with state-of-the-art plant machinery and equipment from international suppliers.

Haldyn Glass Limited

Incorporated in 1991, Haldyn Glass Limited (formerly known as Haldyn Glass Gujarat Limited) is a major supplier of glass bottles to the Indian beer industry. HGL is promoted by Haldyn Corporation limited which holds 53.53 per cent in the company. HGL's manufacturing plant is located at Vadodara, Gujarat, and currently has a total melting capacity of 360 tons per day comprising of two glass melting furnaces (200 + 160 tons per day capacity) and eight IS machines manufacturing a very wide range of containers from 1ml to 2500ml. The IS machines are capable of producing about 1.5 million high quality containers every day. ■

