

# Beverages sector enters peak summer amid rising packaging, energy costs

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From soft drink majors to brewers and liquor companies, India's beverages industry is entering the peak summer season under an unusual constraint driven by global tensions.

Intensified tensions in West Asia have sharply increased energy prices and disrupted supply chains for key raw materials such as natural gas, aluminium, and petrochemicals — all essential for glass bottles, cans, and plastic packaging. This has put pressure on India's packaging and bottling ecosystem, pushing companies to juggle production, absorb higher costs. The impact is visible across store shelves, restaurants, and corporate balance sheets.

Since February, these disruptions have coincided with a surge in summer demand and a structural shift towards packaged beverages, creating a clear supply-demand mismatch.

Great Galleon Ventures, bottling

partners for Pernod Ricard and Beam Suntory, said the demand has increased across categories, while supply has lagged. "At its core, this is a demand-supply mismatch," said Utsav Kedia, vice-president for business growth at Great Galleon Ventures.

Suraj Mehta, chief strategy officer at Hindustan National Glass & Industries Ltd (HNGIL), said the glass industry is particularly affected, indicating that a 35-40 per cent surge in energy costs is directly impacting production. HNGIL added that glass furnaces, which operate continuously at 1,400-1,500 degrees Celsius, cannot be shut down without risking structural damage, making them highly vulnerable to fuel disruptions.

At one point, HNGIL's production plummeted to 40-60 per cent due to fuel constraints. Although it has since stabilised to about 80 per cent, but remains below optimal levels. "We have capped price hikes at 10-12 per cent and are absorbing nearly half of the cost increase," Mehta said, adding



## Pain points

- Overall packaging costs up 30-40%
- 30-40% hike in energy prices has particularly taken a toll on the glass industry
- The conflict has disrupted supply chains for key raw materials such as natural gas, aluminium, and petrochemicals — all essential for glass bottles, cans, and plastic packaging

that such margin compression is unsustainable over the long term.

The broader industry is feeling the strain. According to Confederation of Indian Alcoholic Beverage Companies Director General Anant S Iyer, glass bottle prices are up 12-15 per cent, with spikes of up to 20 per cent due to gas shortages. Aluminium cans have risen at least 8 per cent, while PET bottles are up around 40 per cent. Overall packaging costs have increased 30-40 per cent, depending on product mix.

These pressures are reshaping operations. Beverage companies are increasingly prioritising stock-keeping units (SKUs) based on packaging availability rather than demand. "Packaging is emerging as the primary bottleneck," Kedia said.

For newage brands like Medusa Beverages, demand is strong but there is limited ability to supply. The firm has recalibrated projections, prioritised key markets, and adjusted product mix.

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