

# Ceylon Brewery sets up an additional brewery at Biyagama.

Posted on

Looking for good beer? Beer produced by a reputed brewery? Then it has to be Ceylon Brewery Ltd. (CBL). The fact that CBL is Sri Lanka's largest and first brewery is testimony of their superior status. Today CBL has become synonymous with beer.

CBL's latest venture is the establishment of a new subsidiary **The Lion Brewery (Ceylon) Ltd.** The reason as you may have guessed is to increase the output of beer. If you found beer scarce in the stores, it was because the demand outstripped the quantum of supply.

It all began in November last year when the Government of Sri Lanka decided to slash excise duty on beer. As a result 625 ml bottle of Lion Larger fell to Rs. 41.50 from Rs. 58.50. Naturally this prompted many a beer drinker to increase his consumption of the beverage. Lion Larger, the volume seller for CBL, for instance, disappeared from the wine-store shelves like hot cakes, once prices were reduced. Within weeks of this phenomenon, CBL doubled its output of beer to cope with the demand. And as the output from the brewery at Nuwara Eliya could not meet the new demand for beer in the market, the company decided to set up another brewery.

The Lion Brewery (Ceylon) Ltd., located at Biyagama, has a capacity of brewing approximately four million bottles a month. It is equipped with all the latest facilities and is considered one of the best, if not 'the best' in the South Asian region.

With the commencement of production (scheduled for June '97), CBL hopes to boost its total output upto 600,000 hectolitres per month. The new brewery will brew not only all CBL's portfolio brands, but also Carlsberg and Guinness. The production process which is to be conducted in several phases will increase the quantity of beer production in each subsequent phase.

According to officials at CBL, the plant and equipment to be installed at this brewery will cost one billion rupees, although the final phase cost forecasts three billion rupees. The total initial investment in the new subsidiary will be 1.5 billion rupees,

of which a billion will be equity and the rest debt.

The Lion Brewery (Ceylon) Ltd., is expected to be maintained by Carson Cumberbach and Company, which has a majority stake at CBL's issued capital.

With the reduction of excise duty on beer and the subsequent reduction in prices, CBL looks forward to a significant growth in its earnings in the coming years. For the financial year ending 31 March '95, CBL's net profit was 22 million rupees. But the net profit escalated to 34 million rupees for the nine months ending 31 December '95.