

B9 BEVERAGES LIMITED

Company Data

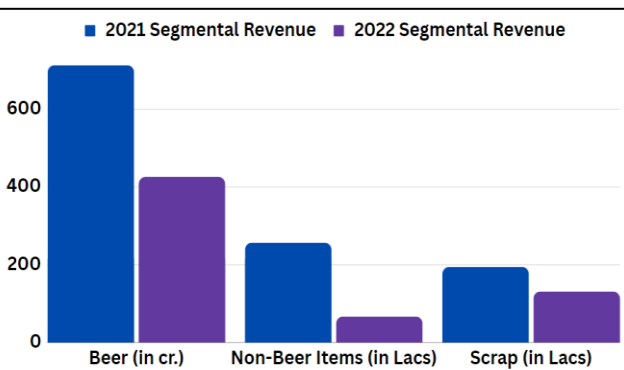
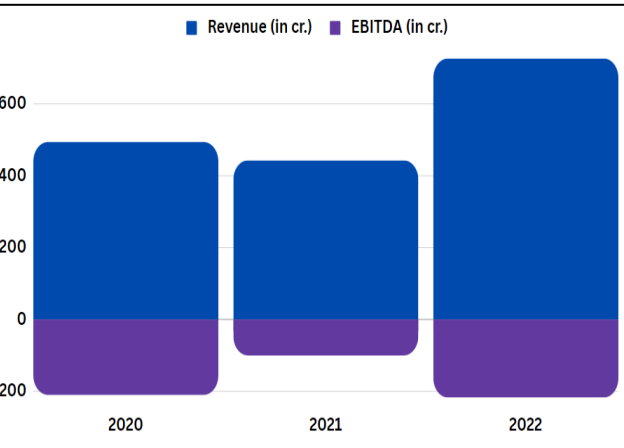
Market Cap (₹ in Cr)	2697
Industry	F&B
Net Worth (₹ in Cr)	-222.84
EPS as on 31st Mar 23	-96.93
Last Traded Price	660
P/S	3.71x

About Company:

Bira 91 launched in 2015 under the leadership of Ankur Jain is a marquee player in the Beverage industry offering a range of beers and other products. The company has a total of 5 breweries across various geographies and has a reach to over 18 countries, 31000 outlets spread across 550 towns and 25 states & Union Territories. The company offer a variety of beers and other products which range from strong, light, white beer and Indian Pale Ale (IPA). The company's beer is available in various packaging which include bottles, cans, barrels etc. A major share of the company's revenue comes from B2B sales. The company has a strong hold in countries like India, UK, Singapore, Thailand, Hongkong etc and the company recently increased its presence to new geographies as well. The company runs a whole bunch of advertising campaigns and uses Bira Hot Sauce for the purpose of surrogate advertising which it sells on Amazon, apart from this the company also collaborated with various brands in the past and also promoted its merchandise as a part of it's marketing campaign. The company has a brewing capacity of 2.5 million HPLA and produce 30 million cases per anum. The company also forayed into Direct-to-Consumer business by opening Taprooms and looking forward to strengthening its play in pubs and taprooms.

Key Updates:

- The company forayed into new geographies and also launched new products like IPA and Chamomile Tea Lager.
- Bira partnered with 5 IPL teams in 2023 to create a bespoke experience for the new age Indian customers and therefore growing the reach of its product.
- In order to increase in retail presence, Bira91 acquired The Beer Café in an all-stock deal, this will give Bira91 an exposure to the 33 outlets of The Beer Café and further grow its brand image.
- The company in October 2022 acquired UP registered brewery company Kamakhya Beer and Bottling Pvt. Ltd. from Chhattisgarh Distilleries Pvt. Ltd in a share swap deal.
- Bira recently appointed Meghna Agarwal as it's CFO and Senior VP – Finance. Prior to joining Bira, Agarwal worked a VP- Finance in Diageo.
- The company's Mysuru Brewery became the first India's Net Zero Brewery. Bira is exploring potential of leveraging carbon credits by becoming India's first net zero beverage company by 2025.
- Japanese Beverages firm, Kirin Holding increased its stake in Bira from 10% to almost 20% with an investment of \$69.9mn., thus, valuing the company at \$550-600mn.
- The company raised \$10mn from Japan's largest bank, MUFG Bank in FY23.



Industry Overview:

Beer is becoming more and more popular as a social drink, and especially among urban youth, it is the preferred alcoholic beverage. Indian market albeit overwhelmed by hard alcohol, purchasers are presently searching for decisions from whisky. Beer has become a popular pastime for both men and women, and this trend is not limited to men. The rising concept of online alcohol delivery portals is one of the driving forces for the beer industry. An unexpected spray of liquor conveyance entryways not just show the rising worthiness of liquor in the nation yet additionally the much developing purchaser base.

The buyers who couldn't go to an alcohol store prior and buy their favored beverage, are currently in a perfect balance with home conveyances. There has been a rise in the number of microbreweries and specialized beer shops in the Indian beer market. As a result of this emergence, beer is now more widely known and readily available in Indian markets. Additionally, the craft beer boom is sweeping the sector. Numerous craft beers with novel flavors are flooding the Indian market. Nowadays, beer drinkers are shifting their preferences away from standard bottled beers and toward artisanal brews with novel flavors and distinctive local ingredients. Currently, a large number of microbreweries are selling their bottled craft beer on the market, gaining a solid foothold. The flood in specialty brew deals is expected to drive the lager business deals to the effervescent top!

The introduction of zero percent beer is one of the most recent industry trends. The beer industry in India is seeing a shift in consumer preferences as a result of this shift, which has led to the development of new varieties. Customers are presently progressively settling on drinks that are coming up short on sugar, carbs and consequently the calories. Numerous brewers have developed zero percent beer versions to satisfy this market's growing demand for such beverages. In light of India's ban on direct advertising of alcoholic beverages, businesses today are marketing their goods through novel strategies. Indian market players have been compelled to be more creative in their way to deal with draw in the buyers, spreading out into ideas, for example, non-liquor brand expansions and proxy promoting and arrangement with sport. In addition, the health benefits of drinking beer in moderation have come to light with the rise of a consumer class that is more concerned about their health.

The structure of Indian alcohol distribution is intricate and typically varies from state to state. Because liquor is a state subject in India, state governments enforce extremely stringent distribution controls on the liquor industry. The government-controlled market, the open market, and the auction market make up the distribution structure. States like Assam, West Bengal and Pondicherry are states with open market States like Tamil Nadu and Kerala fall under the total guideline of government while states like Haryana, Chandigarh and Punjab fall under the sale market structure. Due to government regulations, the alcohol industry in India has high barriers to entry. India recently overtook China as the most populous country of the world, such population growth puts the industry in a comfortable spot. Because so many Indians are under the legal drinking age, the industry stands to gain in the long run. The Indian beer industry is undoubtedly in a "bubbly" position given that alcohol consumption is no longer considered taboo in the country and that the number of people of drinkable age is rising. Additionally, the rising degrees of urbanization, raising expendable livelihoods and developing rich class gives colossal open doors to the players to tap. By 2025, it is anticipated that around 38% of India's total population will live in cities. Due to an increase in their purchasing power, Indian consumers' spending patterns have changed.

Increasing discretionary spending is a consequence of rising incomes. The beer market is bound to gain from such a paradigm shift because alcohol expenditure is discretionary. However, the ban on direct advertising and the pathetic state of the market infrastructure pose obstacles for the sector. The industry is also heavily taxed and regulated, and it struggles with a wide range of taxes and inconsistent state regulations. Industry is likewise confronted with restriction on direct publicizing which further raises the business' concerns. In addition, industry faces difficulties as a result of rising sector competition.

In addition to the shifting dynamics of the industry, there has been a significant increase in the number of players operating in the beer sector, which has intensified the competition for existing players. The domestic beer market's competitive landscape has changed significantly since Carlsberg, Anheuser-Busch, and Heineken entered the country. The business additionally faces moral limitations because of strict impact. In some parts of society, it is still considered a taboo drink, which is bad for Indian culture. In most of India, drinking alcohol is culturally taboo.

The Indian growth story holds up the expansion of the beer industry. Favorable demographics, rising disposable incomes, urbanization and rising acceptability of drinking have brought the winds of change for the industry.

Products and Services:

B9 Beverages Limited offers a comprehensive suite of products that are made to meet the consumer demand. Bira is a refreshingly modern beer brand and one of the fastest growing brands in the world. Bira 91 has built a diverse portfolio of award-winning beers.

- **Gold**

This is a strong wheat ale which is brewed with the choicest golden wheat from India and caramels malts from Europe. This a Weizenbock Style Wheat strong beer which is available in draft, cases and bottles.

- **Blonde**

This is made from noble hops from Germany which gives it a refreshing piney aroma and a medium bitter finish. This is a classic lager available in drafts, bottles and cans.

- **White**

This is a wheat beer and is based on the traditional Belgian style wheat ales. The ingredients of the beer include wheat, barley, malt, oats, saaz hops, orange peel and coriander. It is available in draft, bottles and cans.

- **Light**

With under 80 calories and only 3gm per 300ml, this lager has a light, clean, refreshing taste with a piney hop aroma. The ingredients include barley malt, maize and hops.

- **Boom Super Strong:**

This is rich and malty munich lager made from two row barley, caramel malt, rice and hops. It is available in bottles and cans.

- **Boom Classic:**

This is a Belgian style wheat beer available in cans, bottles and drafts. The ingredients of the beer are wheat, barley malt, oats, saaz hops, orange peel and coriander.

- **Rise:**

This is a premium rice lager in the Asian tradition, elevated with local rice from India, the beer is dry, light on the palate and has a brilliant sparkle. The ingredients are coastal rice and sorachi ace hops. It is served in bottles and cans.

- **Malabar Stout:**

This is a limited edition beer which is meant to mimic a cold brew coffee with alcohol. The ingredients are roasted malts, cold brew coffee, oats, lactose, wheat and hops.

- **Indian pale Ale:**

Made from barley malt, wheat, American aroma hops and pamelos and containing 4.5% alcohol, this is IPA which is served in cans and bottles.

- **Imagined in India:**

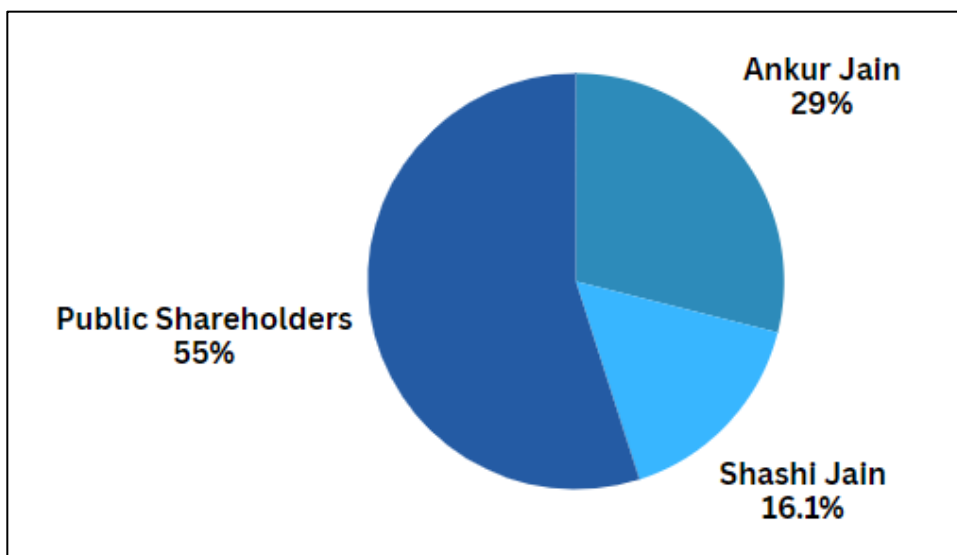
This is an Indian style flavoured ale which is available in various flavours like mango, kokum sour, brown ale etc. It is available only in cans.

Apart from beer, in order to create a memorable experience for its consumers and also increase its reach, the company opened taprooms and also acquired The Beer Café. The Beer Café has a total of 33 outlets and brings with it a very strong brand value. The company also has 2 taprooms out of which one has been recently launched, the taprooms are located at Bengaluru Airport and Koramangala.

In order to grow its product portfolio, the company also recently launched Chamomile Tea lager via its partnership with Vadham India which is a global wellness brand.

Management & Shareholding Pattern:

Name	Title
Ankur Jain	CEO & MD
Shashi Jain	Director
Sakshi Vijay Chopra	Nominee Director
Hiromasa Honda	Nominee Director
Varun Kwatra	Company Secretary



Shareholding Pattern as of 31st March 2022.

Financials:

P&L Statement

Year	2020	2021	2022
Net Sales	478.75	430.76	718.85
Other Income	15.02	12.10	7.62
Total Income	493.77	442.86	726.47
Total Expenditure	703.74	543.21	944.00
EBITDA	-209.97	-100.35	-217.53
Depreciation	58.28	74.96	90.81
EBIT	-268.24	-175.31	-308.34
Interest	49.23	76.21	87.73
PBT	-317.47	-251.51	-396.06
Tax	-	-	-
PAT	-317.89	-251.51	-396.06

Balance Sheet

Year	2020	2021	2022
Equity Paid up	13.09	13.27	14.21
Reserves and Surplus	-48.20	-109.12	-237.05
Net Worth	-35.11	-95.85	-222.84
Non-Current Liabilities			
Long Term Borrowings	89.50	137.35	155.77
Long Term provisions	2.93	3.33	5.05
Total Non-Current Liability	92.43	140.68	160.82
Current Liabilities:			
Short Term Borrowings	76.64	109.60	190.94
Sundry Creditors/Trade Payables	121.44	183.18	203.25
Other Current Liabilities	341.87	416.99	396.55
Provisions	0.52	0.98	1.36
Total Current Liability	540.48	710.75	792.09
Total Liabilities	597.79	755.58	730.07
Non-Current Assets			
Tangible Assets	77.94	76.72	84.78
Intangible Assets	5.27	4.47	6.69
Capital Work in Progress	243.84	278.49	281.62
Long Term Loans and Advances	26.16	21.24	21.27
Other Non-Current assets	3.59	1.68	12.79
Total Non-Current Assets	356.80	382.60	407.15
Current Assets			
Sundry Debtors/Trade Receivables	91.46	121.25	119.04
Inventories	86.49	99.38	74.18
Cash and Bank Balance	43.12	79.32	51.25
Other Current Assets	19.43	70.57	78.41
Loans & Advances	0.49	2.46	0.04
Total Current Assets	240.99	372.98	322.92
Total Assets	597.79	755.58	730.07

Cash Flow Statement

Year	2020	2021	2022
Cash Flow from Operating Activities	-135.90	-127.71	-194.30
Cash Flow from Investing Activities	-55.09	-59.54	-43.13
Cash Flow from Financing Activities	188.65	189.22	231.06

Growth Levers:

- Bira 91 is now available in a number of new countries, the reach of the company includes United States, United Kingdom, Singapore, Hong Kong, Thailand, the United Arab Emirates, and Japan, among others.
- Ahead of the IPL 2023 tournament, Bira 91 recently announced its partnership with five IPL teams. This season, the Mumbai Indians, Delhi Capitals, Royal Challengers Bangalore, Kolkata Knight Riders, and Sunrisers Hyderabad will all have Bira as their official partner. Through its partnership with Delhi Capitals and membership in the International Cricket Council (ICC) last year, the brand has been linked to cricket. [\[1\]](#)
- In order to increase its retail presence, Bira91 acquired The Beer Café in an all-stock deal. Bira91 through this deal eyes a stronger play in pubs and taproom market. The Beer Café's expertise will be used to strengthen Bira91's restaurant offerings in the future, and Bira 91 will continue to expand the Bira 91 Taproom experience to attract more devoted customers. The Beer Café has 33 outlets in 15 cities, including malls, high streets, and transit hubs, in tier one, two, and three cities. The company also has 2 taprooms out of which one has been recently launched, the taprooms are located at Bengaluru Airport and Koramangala. [\[2\]](#)
- Bira91 in October 2022 acquired UP registered brewery company Kamakhya Beer and Bottling Pvt. Ltd. from Chhattisgarh Distilleries Pvt. Ltd., in a share swap deal. As per Bira91 regulatory filing, the company allotted Rs.22.6cr worth of its pre-series D compulsorily convertible preference shares (CCPS) to CDL in exchange for 10,000 shares held by the latter in Kamakhya Beer. CDL will also invest additional Rs.11.3cr. in Bira91, further increasing its stake in the popular beer market. [\[3\]](#)
- Bira91 recently appointed Meghna Agarwal as it's CFO and Senior VP - Finance. Prior to joining Bira, Agarwal worked a VP- Finance in Diageo. [\[4\]](#)
- The company's Mysuru Brewery became the first India's Net Zero Brewery. Bira is exploring potential of leveraging carbon credits by becoming India's first net zero beverage company by 2025. [\[5\]](#)
- Japanese Beverages firm, Kirin Holding increased its stake in Bira from 10% to almost 20% with an investment of \$69.9mn., thus, valuing the company at \$550-600mn. This is Bira's largest fundraise ever. [\[6\]](#)
- The company raised \$10mn from Japan's largest bank, MUFG Bank in FY23. [\[7\]](#)
- In the Indian markets, Bira 91 has a 5% market share. It is available in 550 towns and 18 countries and has five manufacturing facilities in the country. According to Ankur Jain (MD & CEO), the product will be available in 25 international markets by the end of this calendar year. Investments in a greenfield facility in Uttar Pradesh, which is expected to open in the summer of 2024, were recently announced by the company. [\[8\]](#)
- In order to grow its product portfolio, the company also recently launched Chamomile Tea lager via its partnership with Vadham India which is a global wellness brand. [\[9\]](#)

Outlook & Valuation

Bira91 is amongst one of the leading brands in India and is well known for revolutionising the Beer industry by introducing its beer with a different taste and aroma. Over the years Bira91 has grown to become the fastest growing Indian beverage brand. In the Indian markets, the company holds a market share of more than 5% which is growing at a very fast pace as the company is constantly focus on product innovation and making relevant acquisitions to grow its revenues.

The company under the leadership of Mr. Ankur Jain, the company made certain acquisitions, raised funds from major Private Equity Firms like Sequoia Capital and also from angel investors like Kunal Bahl, Rohit Bansal, Deepinder Goyal etc. The company has a total of 5 breweries across various geographies and has a reach to over 18 countries, 31000 outlets spread across 550 towns and 25 states & Union Territories. The company through its aggressive marketing strategy and strong product portfolio, has grown its revenue multi-folds over the years. The company is targeting to grow its presence to 25 international markets by the end of the calendar year 2023.

The company recently forayed into D2C business with the acquisition of The Beer Café in an all-stock deal and also opened a new taproom at the Bengaluru Airport. This is to increase its presence to retail and improve its reach along with creating its presence into the restaurant business. The acquisition of The Beer Café gave Bira91 to its 33 outlets which are spread across 15 cities.

As of part of its marketing and advertising campaign, Bira91 partnered with 5 IPL teams for IPL 2023. The brand has been linked to cricket since past few years through its partnership with Delhi Capitals and ICC. The company also partnered with Warner Brothers to launch a limited-edition beer under it's "House of Dragon" series. The company also launched a few limited-edition beers last year which will be available at certain locations only. In order to grow its product portfolio, the company also recently launched Chamomile Tea lager via its partnership with Vadham India which is a global wellness brand.

In order to boost its manufacturing capacity, Bira91 in October 2022 acquired Kamakhya Beer and Bottling Pvt. Ltd. from CCD in a share-swap deal. As per the recent update from the company, Bira91 made investments in a greenfield facility in Uttar Pradesh, which is expected to open in the summer of 2024. This expansion in the capacity is expected to boost the top line in the future.

Bira91 is paying special attention towards strengthening the team and also improving the quality of its management. The company recently appointed Meghna Agarwal as it's CFO and Senior VP - Finance. Prior to joining Bira, Agarwal worked a VP- Finance at Diageo.

Bira91 recently raised \$70mn from Kirin Holdings which is a Japanese Beverages firm at a valuation of \$550-600mn. Under this deal, Kirin increase increased it's stake from 10% to 20% in Bira91. The company also raised \$10mn from Japan's largest bank, MUFG Bank.

The company's revenues for the FY22 stood at Rs.726.47cr. At a market cap. of Rs.2697cr. the company is trading at a P/S multiple of 3.71x. The company at it's Series D funding round, raised capital at a valuation of \$550-600mn, thus, considering the present market cap. of the company it is available at reasonable valuation and strong growth triggers.

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