



About Bira's Private Equity

- 1)** Bira 91 was founded in the summer of 2015 by B9 Beverages and is headquartered in New Delhi. Thanks to its tasty beer, strong identity, and strong keg network, it quickly became popular among urban millennials. It is designed for creative urban drinkers who love to have fun and don't take life (or beer) too seriously. The brand aims to revolutionize the global beer world with its 21st-century technology and playful monkey mascot. In 2017, Bira 91 flew to New York City to launch a campaign in the US.
- 2)** In 2018, the brand entered Singapore, beginning its wider expansion in the Asia-Pacific market.
- 3)** In 2019, Bira Beer signed a five-year sponsorship deal with the ICC, becoming the first Indian beverage brand to sign a global sponsorship deal with a cricket governing body. They were playing in the 2019 ICC World Cup in England.
- 4)** Sports marketing experts estimate the size of Bira 91's sponsorship deal at \$5-6 million per year. The brand will benefit from the partnership as India will host two major events including the Cricket World Cup 2023 and the T20 World Cup 2021.
- 5)** Bira 91 is one of the fastest-growing beer brands in the world. The company has built a strong portfolio of leading beers and aims to drive the global shift towards improved beer color and taste.
- 6)** In less than three years, Bira 91 is now one of the top 25 craft beer brands in the world by sales volume and the fastest-growing beer brand in the world (growing five-fold since 2017).
- 7)** The company currently operates two breweries in India with branches in nine cities, including New York City.
- 8)** The company has a passionate team of over 350 beer lovers with just one goal: to change the world of beer in and for the world.
- 9)** B9 Beverages Pvt., owner of Indian craft beer brand Bira 91, plans to open its fifth local brewery by the end of 2021 to meet the growing domestic demand for better-tasting beverages ahead of a planned IPO.
- 10)** The production capacity of Bira's new planned plant can be expanded to 1 million hectoliters (1 hectoliter = 100 liters), adding to Bira's existing production capacity of 2 million hectoliters. Bira is currently the fourth largest brewery in the country behind foreign companies that dominate the Indian market. These include Budweiser-maker Anheuser-Busch InBev NV, Carlsberg A/S, and Heineken NV, which owns Indian brewer Kingfisher.
- 11)** According to Jain's interview with The Economic Times on August 25, 2021, Bira is expected to have annual sales of \$170 million and be commercially profitable within six months.

Private Equity Investors and Bira Share Valuation

- 1)** Bira 91 is backed by Sequoia Capital and Belgian firm Sofina Capital.
- 2)** Bira 91 has raised nearly Rs 518 Cr so far, including celebrities Farhan and Zoya Akhtar, and film producer Ritesh. Sidhwani, Flipkart CEO Kalyan Krishnamurthy, and Sequoia Capital are among the investors



- 3) Other investors in Bira 91 include snapdeal's Rohit Bansal, Zomato co-founder Deepinder Goyal, TR Capital, Anicut Capital, Sofina and Smile Group, according to deal tracking firm Crunchbase.
- 4) Bira 91 last raised \$50 Mn as announced in May 2018, at a reported valuation of around Rs 1,470 Cr. At this point, Bira's share price was around Rs 400 per share.
- 5) In 2019, they raised Rs 30 Cr from Sixth Sense Ventures at a reported valuation of Rs 1722 Cr.
- 6) As of April 2020, Bira 91 had raised Rs 380.8 Cr (\$5 million) from existing investors Sequoia India and Belgium-based Sequoia. Raised by investment firm Sofina. Sequoia invested 22.84 Cr and Sofina invested 15.23 Cr. At this point, Bira's share price was around 600 rupees per share.

B91 to focus on premium beer to fight inflation

Bira, India's fastest-growing craft brewer, plans to increase premium beer sales to fight inflation. We all know that inflation is very high due to supply chain issues around the world. In India, WPI is 13% and CPI is 7%. This affects entire sectors of the economy.

What ingredients are used in beer?

The main raw materials for making and packaging beer are wheat or barley, glass, and aluminum. And the prices of these raw materials are rising fast in the market. According to Motilal Oswal Report, barley prices rose 65% last year and rose 5% quarter-on-quarter in March. Barley prices are affected by the war between Russia and Ukraine as Ukraine exports 18% of the world's barley. Jain, founder of Bira Beer, said the current environment is very tough with costs rising 30-70%.

How does Bira plan to deal with this?

We all know that Bira Beer has a double-digit market share in premium beer. In fact, at its inception in 2015, Bira sold premium beer only. But they are slowly starting to make other beers.

They will target smaller cities in categories 2, 3, and 4. To beat inflation and pass on the cost to the consumer, they are now focusing on:

Selling premium beer. The wealthy, who consume premium beer, are not price-sensitive.

How many bottles of beer does Bira produce per month?

According to Jain, B9 Beverages has a production capacity of \$600,000

As consumers return to bars and liquor stores remain open, production rose to 2.2 million cases (12 bottles per case) per month pre-COVID-19. This means that Bira's production is about 2.64 billion bottles per month.

Beer Industry Market Size

According to estimates by Expert Market Research, the Indian beer industry was worth nearly Rs 37,100 crore in 2020 and is expected to grow further in the future. It is expected to reach Rs 66,200 crore by 2026, with an estimated annual growth rate of about 9.2%. This results very positively for the company

Growth opportunities in the beer market.

Bira Beer Reviews

Currently, Bira Beer's unlisted shares are available in the private market at Rs 650 per share with around ~6 billion shares outstanding.

Mcap or valuation is around ~390 billion. In FY2023, they recorded revenues of up to ~850 million, so Mcap/Revenue = 4.5 times.

Bira Unlisted Competitors

Bira 91 competes with beer startups like White Owl, Simba, Brewbot, White Rhino, Kati Patang, etc.

Operating Financials of Bira Unlisted Share inFY 21,FY 22 and FY 23.

| Operating Financials of Bira Unlisted Share inFY 21,FY 22 and FY 23. | | | |
|--|------|------|------|
| Particulars (inCr.) | 2023 | 2022 | 2021 |
| Volume | 927 | 728 | 415 |
| Gross Revenue | 951 | 787 | 456 |
| Net Revenue | 559 | 371 | 208 |
| COGS | - | 216 | 122 |
| Material Costs | 221 | 149 | 75 |
| Gross Margin (Net of Material Cost) | 337 | 222 | 133 |
| Overheads | - | 67 | 47 |
| Gross Margin (Ex Brewery) | - | 156 | 87 |
| Supply Chain Expenses | - | 58 | 30 |
| Gross Margin Net of Supply Chain Expenses | - | 98 | 57 |
| Sales & Marketing | - | 186 | 52 |
| Manpower | 92 | 65 | 59 |
| G&A | - | 64 | 55 |
| EBITDA | -200 | -218 | -109 |

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Fundamentals

| Fundamentals | | | |
|-----------------------|----------------------|---------------------|----------|
| Bira 91 | 590 Per Equity Share | Market Cap (in cr.) | 3275 .42 |
| Unlisted Shares Price | | P/E Ratio | -7.35 |
| Lot Size | 200 Shares | P/B Ratio | 20.22 |
| 52 Week High | 730 | Debt to Equity | 1.94 |
| 52 Week Low | 590 | ROE (%) | -275 |
| Depository | NSDL & CDSL | Book Value | 28.93 |
| PAN Number | AAICS1030P | Face Value | 10 |
| ISIN Number | INE833U01014 | | |

Financials (Figures in cr)

| P&LStatement | | | |
|-----------------------------|-------------|-------------|-------------|
| P&LStatement | 2021 | 2022 | 2023 |
| Revenue | 462.81 | 733.75 | 848.71 |
| Cost of Material ConStJmed | 87.17 | 164.4 | 265.38 |
| Gross Margins | 79.64 | 77.1 | 67.81 |
| Change in Inventory | 4.48 | 68.44 | -26.27 |
| Employee Benefit Expenses | 62.96 | 90.71 | 114.98 |
| Other Expenses | 378.01 | 567.45 | 710.29 |
| EBITDA | -104.42 | -173.23 | -240.06 |
| OPM | -24.39 | -24.13 | -29.12 |
| Other Income | 34.61 | 15.98 | 24.39 |
| Finance Cost | 76.2 | 87.72 | 96.59 |
| D&A | 74.24 | 90.09 | 121.41 |
| EBIT | -178.66 | -263.32 | -361.47 |
| EBIT Margins | -41.72 | -36.69 | -43.85 |
| PBT | -211.28 | -335.07 | -433.69 |
| PBT Margins | -49.34 | -46.68 | -52.61 |
| Tax | 0 | 0 | 11.78 |
| PAT | -211.28 | -335.07 | -445.47 |
| NPM | -49.34 | -46.68 | -54.04 |
| EPS | -159.22 | -69.51 | -79.56 |
| Financial Ratios | 2021 | 2022 | 2023 |
| Operating Profit Margin | -24.39 | -24.13 | -29.12 |
| Net Profit Margin | -49.34 | -46.68 | -54.04 |
| Earning Per Share (Diluted) | -159.22 | -69.51 | -79.56 |

| Balance Sheet | | | |
|-------------------------|---------------|---------------|----------------|
| Assets | 2021 | 2022 | 2023 |
| Fixed Assets | 76.36 | 84.45 | 431.45 |
| CWIP | 7.01 | 7.16 | 15.16 |
| Investments | 35.52 | 54.7 | 1.1 |
| Trade Receivables | 124.53 | 126.68 | 169.68 |
| Inventory | 99.25 | 74.05 | 164.2 |
| Other Assets | 578.2 | 645.76 | 492.54 |
| TotalAssets | 920.87 | 992.8 | 1274.13 |
| Liabilities | 2021 | 2022 | 2023 |
| Share Capital | 13.27 | 48.206 | 55.99 |
| FV | 10 | 10 | 10 |
| Reserves | 28.07 | -72 | 106 |
| Borrowings | 246.94 | 346.71 | 314.6 |
| Trade Payables | 138.07 | 187.26 | 290.05 |
| Other Liabilities | 494.52 | 482.45 | 507.63 |
| TotalLiabilities | 920.87 | 992.63 | 1274.27 |

| Cash-Flow Statement | | | |
|--------------------------------|-------------|-------------|-------------|
| Cash- Flow Statement | 2021 | 2022 | 2023 |
| PBT | -211.28 | -335.07 | -433.69 |
| OPBWC | -75.43 | -138.64 | -198.35 |
| Change in Receivables | -36.56 | -7.7 | -60.75 |
| Change in Inventories | -19.65 | 17.37 | -103.91 |
| Change in Payables | 45.44 | 17.68 | 138.6 |
| Other Changes | -36.09 | -68.5 | -59.43 |
| Working Capital Change | -46.86 | -41.15 | -85.49 |
| Cash Generated From Operations | -122.29 | -179.79 | -283.84 |
| Tax | 0.81 | 0.06 | 0.63 |
| Cash Flow From Operations | -121.48 | -179.73 | -283.21 |
| Purchase of PPE | -30.02 | -42.3 | -128.26 |
| Sale of PPE | 0 | 0 | 0 |
| Cash Flow From Investment | -66.04 | -57.24 | -227.18 |
| Borrowing | 79.85 | 96.34 | -25.09 |
| Divided | 0 | 0 | 0 |
| Equity | 5.6 | 0 | 609.02 |
| Others From Financing | 102.8 | 134.71 | -47.57 |
| Cash Flow from Financing | 188.25 | 231.05 | 536.36 |
| Net Cash Generated | 0.73 | -5.92 | 25.97 |
| Cash at the Start | 12.07 | 12.8 | 8.83 |
| Cash at the End | 12.8 | 6.88 | 34.8 |

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