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# In a first, Sequoia invests in craft beer brand Bira 91

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*Representative image.*

**M**UMBAI: Away from its big-ticket technology investments, Silicon Valley's marquee venture capital (VC) firm Sequoia Capital is backing a domestic beer brand, Bira 91, which is looking to tap into the growing demand for craft beers among urban Indians. This investment marks Sequoia's first ever bet on an alcoholic beverage (alco-bev) brand locally.

Founded by Ankur Jain, Bira 91 has also brought on board super angels like Snapdeal's Kunal Bahl and Rohit Bansal, Zomato's Deepinder Goyal, and Ashish Dhawan who co-founded ChrysCapital, which is among the most successful homegrown private equity funds.

So far, VC funds have kept away from the alco-bev sector in India, while a few investments like Gaja Capital's deal with Bangalore-based John Distilleries and Everstone Capital backing Sula Vineyards have been struck in the private equity space. Risk investors have steered clear of the sector due to heavy state regulations and political interferences.

Jain told TOI that Bira 91 - the 91 stands for India's country code - is currently available across Delhi, Mumbai, Bangalore, Kolkata, Goa, Pune and Chandigarh. The craft beer was formally launched in February last year. "We've been able to achieve penetration of 70% in all our markets within a year. We've also clocked a 30% share in the premium segment without a single

dollar spent on traditional marketing. Word of mouth and our customers recommending the brand to others is really what has enabled our early success," he said.

# BREWING A NEW BRAND

- Bira 91 is a craft beer. The No. is India ISD code
- It is usually brewed in small amounts
- Launched in Feb 2015; available in Delhi, Mumbai, Bangalore, Kolkata, Goa, Pune and Chandigarh
- Contracts manufacturing to several breweries (including

a Belgian one)

- Sells about 20,000 cases each month

- Will use the \$6m funds to market brand and set up production in MP by March



Having run a healthcare startup in New York, Jain returned to India in 2007. He initially started importing a few beers to get a toehold in the sector, having had no prior experience in the liquor business. "By 2014, I realized it was time for us to introduce a

brand that resonated with the young urban population of India with key focus areas being taste, flavour and quality," he said.

The Indian beer market is estimated at \$5 billion with premium beers - which are priced at more than Rs 100 per litre like Carlsberg, Kingfisher Ultra, Heineken and Budweiser, among others - constituting about 8% by volume and 15% by value but growing at over 20% annually. "This is the space Bira is playing in and, if you look, premium beer accounts for 60% of the profit pool of the India beer industry," Jain said. Microbreweries like Gateway Brewing Co and Doolally, among others, are not what Jain is competing against.

The \$6 million in series A funding will be used in marketing of the brand as well as starting a production facility in Madhya Pradesh by March this year. As of now, Bira 91 contracts its manufacturing across multiple breweries, including one in Belgium. Jain claims to be selling 20,000 cases a month at present, with restaurants and bars contributing a huge chunk to overall sales, while registering 30% monthly growth.

Abhay Pandey, MD, Sequoia Capital, while talking about the investment, said that Bira 91 came across as a great product with a dynamic team managing an innovative supply chain to capture the large on-premise beer-drinking opportunity. "We are excited about backing the challenger in a large category with nice customer cohorts on basket size, retention and frequency," Sequoia's Pandey said.

Despite the opening up of many microbreweries and brew pubs in metros across the country, the strong beer category remains the single largest segment, accounting for around 85% of all volumes sold in India, a Euromonitor report published in 2014 said. But craft beers and microbreweries are niche concepts which have been growing for the past two years. The rising consumer aspirations where Indian consumers are open to trying something new coupled with growing incomes is, however, an emerging trend, Euromonitor said.

