

Crunch time for craft beer as pandemic, fees take toll

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NEW DELHI: Stiff fees, complex rules and the pandemic have snuffed out many of India's small but promising craft beer brands, with the remaining shrinking operations and entering adjacent segments.

Makers of Witlinger, Mad King and White Owl craft beers have either shut shop or started new ventures, while owners of Kati Patang, White Rhino and Beor 360 have scaled back their operations.

Kati Patang beer, a runaway hit with its unique small-batch flavours like saffron, turmeric and lemon rind, has shrunk considerably in the six years since its launch. Its only available variant in the Delhi market now is Bareilly Bold, a strong lager, against four variants earlier. The company had to shell out ₹22 lakh to register the variant. a



Many smaller firms couldn't recover from the pandemic blow. ISTOCK

mandatory fee to sell each liquor brand or variant in the capital.

Co-founder Shantanu Upadhyay said Kati Patang had no choice but to shift gears. "While craft brands based in India do have a market, and we, along with our investors, strongly believe in this, the flip-flop in excise policies coupled with covid-19 have affected many busi-

nesses. We would love to have more support in India on the regulatory front. But until then, we are focused on cautiously investing in markets where we can gain share, launching our direct-to-consumer (D2C) play with four brew pubs with partners, and expanding to international geographies such as the US and the UK where we see

brand pull," he said.

Kaama Breweries, which once sold the popular Witlinger brand, is trying to make a comeback. "We are re-entering the craft market with our new brand IBF—Indian Beer Cafe—which is based out of Goa. It will also be launched in Delhi and Haryana, followed by Uttar Pradesh next year. We earlier made Witlinger, which was launched in 2014 in a total of six states. Later, Carlsberg India made a strategic investment in the brand. The beer market has changed tremendously post covid. Companies are now focusing on ensuring product availability and offering better and distinctive products," said Anuj Kushwah, the founder of IBF Beers.

According to Kushwah, beer makers must ensure that their products are always available in the market since the business is a cash-guzzler without sufficient volumes. Mobility restrictions and curbs on the sale of liquor

during the pandemic disrupted sales and logistics, and many smaller companies did not get back on their feet ever.

"The root of the problem in the craft beer business lies in the fact that many companies can't define their role clearly for themselves: Are they a unique product targeting a small but profitable target consumer, or are they a mass product meant for all? Additionally, beer is a very localized business; it doesn't travel well," said Vinod Giri, the director-general of the Confederation of Indian Alcoholic Beverage Companies.

"So, unless a company has a wide production footprint, it's better off focusing on a few closer markets only to ensure a decent product. At the same time, beer is a volume product with high fixed costs. So, businesses which are not selling at least 400,000-500,000 cases a month would likely struggle to be profitable," said Giri.