

October 19, 2022

Britannia Industries Limited: Rating withdrawn for Commercial Paper Programme and Unplaced Non-Convertible Debentures

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debentures	698.5	698.5	[ICRA]AAA (Negative); outstanding
Non-convertible Debentures (Unplaced)	301.5	0.0	[ICRA]AAA (Negative); withdrawn
Commercial Paper Programme	1,279.0	0.0	[ICRA]A1+; withdrawn
Total	2,279.0	698.5	

*Instrument details are provided in Annexure-1; *rating withdrawn for Rs. 301.5 crore unplaced Non-convertible Debentures. Rating of [ICRA]AAA(Negative) is outstanding for Rs. 698.5 crore Non-convertible Debentures programme

Rationale

ICRA has withdrawn the long-term rating of [ICRA]AAA(Negative) assigned to the unplaced Non-Convertible Debentures (NCD) programme (limits of Rs. 301.5 crore) and the short-term rating of [ICRA]A1+ assigned to the Commercial Paper (CP) programme (limits of Rs. 1,279.0 crore) of Britannia Industries Limited (BIL). There is no incremental information to suggest that the credit risk profile of the company has changed since the last review. The rating is withdrawn in accordance with ICRA's policy on withdrawal and suspension at the request of the company as there is no amount outstanding against the rated instruments.

The key rating drivers, liquidity position and rating sensitivities have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Policy on Withdrawal of Credit Ratings Corporate Credit Rating Methodology Rating Methodology for Entities in the FMCG Industry
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of BIL. Details are enlisted in Annexure-2.

About the company

Established in 1892, BIL is one of the largest FMCG players in the country. While it derives the majority of its revenues from the biscuits segment, the company has diversified into other segments over the years like bread, dairy products, cakes, snacks, milk shakes, croissants, wafers and rusk. Some of the company's popular brands include Good Day, Marie Gold, Tiger, NutriChoice and Milk Bikis, etc. BIL has 10 manufacturing plants across the country. In addition to manufacturing at its own plants, the company has established relationships with several contract manufacturers across the country. It also supplies its products to various export markets and has a manufacturing footprint in Oman, Dubai and Nepal outside India. As on March

31, 2022, 50.55% of BIL's shareholding was held by the Wadia Group, while the balance was held by various institutions and the public.

Key financial indicators

BIL (Consolidated)	FY2021 Audited	FY2022 Audited
Operating Income (Rs. crore)	13,136.1	14,136.3
PAT (Rs. crore)	1,849.8	1,516.2
OPBDIT/OI (%)	19.1%	15.6%
PAT/OI (%)	14.1%	10.7%
Total Outside Liabilities/Tangible Net Worth (times)	1.2	1.9
Total Debt/OPBDIT (times)	0.8	1.1
Interest Coverage (times)	22.6	15.3

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Source: BIL, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding as of March 31, 2022 (Rs. crore)	Current Rating (FY2023)		Chronology of Rating History for the past 3 years		
					Date & Rating in		Date and rating in FY2022	Date and rating in FY2021	Date and rating in FY2020
					October 19, 2022	August 16, 2022	August 16, 2021	September 3, 2020	January 16, 2020 March 19, 2020
1	Non-convertible Debentures 1	Long-term	698.5	698.5	[ICRA]AAA (Negative)	[ICRA]AAA (Negative)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-
2	Non-convertible Debentures 2	Long-term	301.5	0.0*	[ICRA]AAA (Negative); withdrawn	[ICRA]AAA (Negative)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-
2	Commercial Paper Programme	Short-term	1,279.0	0.0*	[ICRA]A1+; withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

*not placed

Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible Debentures	Simple
Commercial Paper Programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
INE216A08027	NCD 1	Jun 3, 2021	5.50%	Jun 3, 2024	698.50	[ICRA]AAA (Negative)
NA	NCD 2	Not placed	NA	NA	301.50	[ICRA]AAA (Negative); withdrawn
NA	Commercial Paper Programme	Not placed	NA	NA	1,279.0	[ICRA]A1+; withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Boribunder Finance and Investments Private Limited	100.00%	Full Consolidation
Flora Investments Company Private Limited	40.53%	Full Consolidation
Gilt Edge Finance and Investments Private Limited	46.13%	Full Consolidation
Ganges Valley Foods Private Limited	98.66%	Full Consolidation
International Bakery Products Limited	100.00%	Full Consolidation
J B Mangharam Foods Private Limited	100.00%	Full Consolidation
Manna Foods Private Limited	100.00%	Full Consolidation
Sunrise Biscuit Company Private Limited	99.16%	Full Consolidation
Britannia and Associates (Mauritius) Private Limited	100.00%	Full Consolidation
Britannia and Associates (Dubai) Private Co. Limited	100.00%	Full Consolidation
Britannia Bangladesh Private Limited	100.00%	Full Consolidation
Al Sallan Food Industries Co. SAOG - Oman	65.46%	Full Consolidation
Strategic Food International Co. LLC, Dubai	100.00%	Full Consolidation
Strategic Brands Holding Company Limited	100.00%	Full Consolidation
Britannia Dairy Private Limited	100.00%	Full Consolidation
Britannia Dairy Holdings Private Limited - Mauritius	100.00%	Full Consolidation
Britannia Nepal Private Limited	100.00%	Full Consolidation
Britchip Foods Limited	60.00%	Full Consolidation
Britannia Egypt LLC - Egypt	100.00%	Full Consolidation
Strategic Foods Uganda Limited	100.00%	Full Consolidation
Nalanda Biscuits Company Limited	35.00%	Equity method
Sunandaram Foods Private Limited	26.00%	Equity method

Source: BIL FY2022 annual report

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