

January 17, 2025<sup>(Revised)</sup>

## United Breweries Limited: Update on material event

### Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term/ Short-term – Non-fund Based/ Fund-based	1,380.0	1,380.0	[ICRA]AA+(Stable)/ [ICRA]A1+
Short-term – Commercial Paper	100.0	100.0	[ICRA]A1+
<b>Total</b>	<b>1,480.0</b>	<b>1,480.0</b>	

\*Instrument details are provided in Annexure-I

### Rationale

#### Material Event

On January 8, 2025, United Breweries Limited (UBL) informed the stock exchanges about its decision to suspend the supply of temporarily beer to Telangana Beverages Corporation Limited (TGBCL) with immediate effect. The company has taken this step as TGBCL has not revised the basic price of the company's beer since 2019-20, impacting the company's profitability. Besides, significant receivables remain unpaid by TGBCL for the past supply of beer.

#### Impact of Material Event

TGBCL accounts for a double digit % share of UBL's annual consolidated volumes and the company has been negotiating with TGBCL for a price hike since 2020-21. While the same has not materialised during the said period, the input costs have increased, thus impacting the contribution margin from sales to TGBCL. Further, the company has sizeable receivables of Rs. 900-950 crore outstanding from TGBCL, which has resulted in an increase in its working capital blockage.

ICRA has noted the above event and will continue to monitor any development in this regard and take appropriate rating action, if necessary.

While timely receipt of the pending dues will be a key rating monitorable, ICRA notes that UBL's liquidity position remains strong with sizeable buffer in unutilised limits (over ~Rs. 1,300 crore as on December 31, 2024).

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of UBL.

## About the company

United Breweries Limited (UBL) is involved in manufacturing, marketing, and distribution of beer, primarily for the domestic market. UBL markets its products under various brands, including some popular brands like Kingfisher Premium, Bullet, Heineken SILVER, Kingfisher Strong, Kingfisher Ultra, etc. Through several licensing arrangements, UBL's products are available in over 50 countries including Hong Kong, Singapore, and Australia. UBL owns 19 breweries across India and has 12 contract brewing arrangements with other brewers.

## Key financial indicators (audited)

UBL Consolidated	FY2023	FY2024	H1FY2025*
Operating income	7,499.9	8,122.7	4,591.9
PAT	304.7	410.9	306.1
OPBDIT/OI	8.2%	8.6%	11.2%
PAT/OI	4.1%	5.1%	6.7%
Total outside liabilities/Tangible net worth (times)	0.6	0.7	0.7
Total debt/OPBDIT (times)	0.0	0.1	0.1
Interest coverage (times)	132.8	101.0	135.6

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

Any other information: None

## Rating history for past three years

	Instrument	Current rating (FY2025)				Chronology of rating history for the past 3 years			
		Type	Amount Rated (Rs. crore)	Date & Rating in FY2025		Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	
				Jan 17, 2025	Oct 29, 2024	Oct 31, 2023	Oct 31, 2022	Oct 29, 2021	Oct 5, 2021
1	Term Loan	Long Term	-	-	-	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
2	Fund- based	Long Term/Short term	-	-	-	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+
3	Non-Fund Based	Long Term/Short term	-	-	-	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+
4	Fund-based/Non-fund based	Long Term/Short term	1,380.0	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	[ICRA]AA+ (Stable)/ [ICRA]A1+	-	-	-
5	Commercial Paper	Short Term	100.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-based/Non-fund based – Long Term/ Short Term	Simple
Commercial Paper – Short Term	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: [Click Here](#)

### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long Term/ Short Term Fund-based/non-fund based	NA	NA	NA	1,380.0	[ICRA]AA+ (Stable)/ [ICRA]A1+
Unutilised	Commercial Paper	NA	NA	7-365 days	100.0	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

### Annexure II: List of entities considered for consolidated analysis

Company Name	UBL Ownership	Consolidation Approach
Maltex Masters Limited	51.00%	Full Consolidation

Source: UBL

### Corrigendum

Rationale dated January 17, 2025, has been corrected with revisions as detailed below:

Complexity level of the rated instruments for Commercial Paper – Short Term has been updated to ‘Very Simple’ in line with the ICRA policy.

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