

October 31, 2025

United Breweries Limited: Ratings reaffirmed for bank facilities; reaffirmed and withdrawn for commercial paper

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term / short term – Fund based / Non-Fund Based	1,380.0	1,380.0	[ICRA]AA+(Stable)/ [ICRA]A1+; reaffirmed
Short Term – Commercial Paper	100.0	0.0	[ICRA]A1+; reaffirmed and withdrawn
Total	1,480.0	1,380.0	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation continues to consider United Breweries Limited's (UBL) strong brand portfolio and established market position in the Indian beer industry, complemented by its wide manufacturing and distribution footprint spread across the country. The ratings also note UBL's strong parentage and exceptional financial flexibility, as it is a 61.52% subsidiary of Heineken NV (Heineken; rated Moody's A3/Stable). The ratings also continue to favourably factor in UBL's strong financial profile, characterised by robust debt protection metrics and adequate liquidity position. Although the highly regulated nature of the industry, with extensive Government controls on advertising and taxes, restricts growth to an extent, the same creates entry barriers for new entrants, thereby providing competitive advantages to incumbents like UBL. ICRA has also considered the healthy long-term demand outlook for beer in the domestic market, driven by favourable demographics, increasing disposable income and favourable climatic conditions of the country.

UBL operates in a highly regulated industry with state-specific policies, which continue to impact the industry volumes in several markets. Going forward, any unfavourable policy change in key states will remain one of the key risk factors for the company and the industry. Although UBL commands a strong share in the domestic beer market, the presence of other large international players and increasing competition from domestic players continue to impact the overall competition in the industry. ICRA also takes note of the exposure of UBL's profitability to fluctuations in raw material prices.

UBL's revenue growth stood at 9.8% in FY2025, primarily supported by volume, price/mix benefits and premiumisation efforts. Further, the company witnessed a robust revenue growth of 15.7% in Q1 FY2026, benefiting from a lower base in the previous year, wherein operations were partly impacted by the General Elections. The company's operating margins improved to 9.4% against 8.6% in FY2024, primarily due to stability in input costs and some benefit of relatively faster growth in premium products. UBL has invested in various cost control measures, efficiency improvement and product innovations, which are expected to continue to support its margins. However, ICRA notes that a sizeable volume decline in Karnataka in Q1 FY2026, following a hike in excise duty. The company's working capital intensity rose in FY2025, mainly due to relatively higher receivables from one of the largest state government beverage corporations. While the company has received partial payments against this receivable, going forward, timely receipt of the pending dues will be a key rating monitorable for the company.

UBL plans to incur a capex of Rs. 700-750 crore in FY2026, Rs. 750-900 crore in FY2027 for setting up a greenfield facility in Uttar Pradesh, expanding capacity in states where expansion is required and upgrading its existing breweries (in terms of safety and manufacturing excellence) in addition to expanding its visi cooler footprint across the country. ICRA notes that capex will be funded through a mix of internal accruals and term debt. While sizeable, planned capex for the company is likely to

moderate debt indicators to some extent, the quantum of dividend payouts and debt raised for funding the capex will be a key monitorable.

ICRA notes the order issued by the Competition Commission of India, directing UBL to pay Rs.751.8 crore, alleging that the company was engaged in price coordination in certain states and in cartelisation. On December 8, 2021, the company filed an appeal against the CCI order before the National Company Law Appellate Tribunal (NCLAT) and deposited 10% of the penalty amount. On December 22, 2022, NCLAT passed its judgment and dismissed the appeals filed by the company. Subsequently, in January 2023, UBL filed an appeal against the NCLAT order before the Supreme Court. In February 2023, the Supreme Court admitted the appeal and stayed the NCLAT order, subject to a deposit of an additional 10% of the total penalty amount. UBL has accordingly deposited 20% of the penalty amount till date with NCLAT and currently, the matter continues to remain sub judice. ICRA will continue to monitor the developments in this regard to understand its impact on the company's business and financial profiles and will review the situation following further developments.

Further, ICRA has withdrawn the rating assigned to the commercial paper programme of UBL based on the company's request and in accordance with ICRA's policy on withdrawal of credit ratings.

Key rating drivers and their description

Credit strengths

Strong parentage with Heineken NV – As a 61.52% subsidiary of Heineken, UBL enjoys exceptional financial flexibility, which will continue to support its business prospects going forward.

Strong brand portfolio and market position, supported by robust manufacturing and distribution infrastructure – UBL has a long track record of operations in the domestic beer industry, with a healthy market share on the back of its strong brand portfolio. UBL's market position is also supported by its pan-India manufacturing presence with 19 owned facilities and 16 contract manufacturing arrangements, a robust retail footprint and strong demand for its 'Kingfisher' and 'Heineken' brands. UBL has also established a well-integrated distribution network system that ensures the timely delivery of products across channels and geographies.

High entry barriers in the industry favouring the incumbent; favourable long-term demand outlook – While the highly regulated nature of the industry with extensive Government controls on advertising and taxes restrict growth to a certain extent, it also creates entry barriers for new players, thereby favouring incumbents such as UBL. The long-term demand outlook for beer in the domestic market remains positive, with favourable demographics, rising disposable income and urbanisation expected to drive growth of the Indian beer industry. This is also supported by the relatively lower per-capita consumption of beer in the country, compared to the average Asian as well as global consumption trends.

Strong financial profile with healthy margins, robust debt protection metrics and moderate working capital intensity – UBL reported a 9.8% revenue growth and an expansion of 80bps in its operating margins in FY2025, driven by volume, price/mix benefits and premiumisation efforts. Its revenues grew to Rs. 8,915.1 crore in FY2025 from Rs. 8,122.7 crore in FY2024, and its OPM also improved to 9.4% in FY2025 from 8.6% in FY2024. Further, the company's credit profile remains robust with its total debt/TNW and total debt/OPBDITA at 0.14 times and 0.74 times, respectively as on March 31, 2025. While the planned capex for the company is likely to moderate the debt indicators to some extent. However, the quantum of debt raised for funding the capex will be a key monitorable. The company also benefits from moderate working capital intensity and an adequate liquidity position, given the significant headroom available in the form of unutilised sanctioned limits.

Credit challenges

Margins remain exposed to volatility in raw material prices – Given the industry structure, wherein the pricing is regulated by the state governments, industry players do not have the flexibility to pass on the increase in raw material costs to customers immediately. This makes the company's operating margins vulnerable to raw material price trends. In this context, UBL's

margin trajectory amid highly volatile input costs will remain a key monitorable. Nevertheless, ICRA notes the improvement in UBL's margins in FY2025, primarily due to stability in input costs and some benefit of relatively faster growth in premium products. However, margins are expected to moderate to a certain extent in FY2026, largely due to subdued performance in Karnataka, which generates relatively higher profits than the country's average. Despite this, the company's continued investments in cost control initiatives, efficiency improvements and product innovations are expected to support its profitability going forward.

Highly regulated nature of industry; state-specific events likely to impact overall volumes of UBL as well as the industry – Extensive Government control, ban on advertising in mass media, and the varying tax structures in states pose challenges and restrict the growth of the industry. Further, UBL's volumes continue to be vulnerable to macroeconomic events such as demonetisation, general economic slowdown, pandemic and specific policy changes, such as ban on the sale of liquor near highways etc. In the past, the industry has also been impacted by a complete ban on alcohol sales in a few states. Moreover, any hike in excise duty by state governments (such as the one seen in Karnataka in Q1 FY2026) may have a bearing on the beer demand in that state to a certain extent.

Exposed to increasing competition –The competition in the industry continues to be high from both international majors as well as other domestic players and has impacted the company's market share to a certain extent in FY2024 and FY2025. Further, the spike in the number of microbreweries and craft beer brands across major metros is increasing the overall basket of beer options available to the domestic consumers. Going forward, a strong market share and consequent economies of scale, in addition to its strong product portfolio and wide distribution reach, are expected to support UBL's business prospects.

Liquidity position: Adequate

UBL's liquidity remains adequate, with cash and cash equivalents of Rs. 344.0 crore as on March 31, 2025, and undrawn working capital limits of Rs. 1,376 crore as of August 31, 2025. The company plans to incur a capex of around Rs. 700-750 crore in FY2026 towards increasing manufacturing footprint, upgradation of existing breweries (in terms of safety and manufacturing excellence), and expansion of its visi cooler base. The capex is expected to be funded through a mix of internal accruals and term debt.

Environmental and Social Risks

Environmental considerations: Environmental risks for players in the alco-beverage industry are primarily from the handling and discharge of hazardous and pollutant waste generated during production processes. Additionally, the industry is vulnerable to the impacts of climate change, particularly in relation to agricultural inputs such as barley. Fluctuations in crop yields due to changing weather patterns, water scarcity and extreme climate events can disrupt the supply and pricing of raw materials, posing a significant operational risk.

Social considerations: UBL is exposed to social risks, including shifts in consumer tastes that can accompany changing demographics, as well as evolving regulatory and societal attitudes towards alcoholic products, which can affect demand for its products. Further, UBL has high dependence on human capital. Retaining human capital, maintaining healthy relationships with employees and a safe work environment remain essential for disruption-free operations.

Rating sensitivities

Positive factors – UBL's ratings could be upgraded if there is a significant improvement in the company's scale while preserving its market share, accompanied by healthy margins and debt protection metrics on a sustained basis.

Negative factors – Pressure on UBL's ratings could arise if a sustained material deterioration in margins and debt-funded capex, acquisitions or regulatory measures lead to weakening of its credit profile with Total Debt/OPBDITA of more than 1.5 times, on a sustained basis alongside material depletion of cash and cash equivalents. Any significant dividend payout, adversely impacting the company's credit profile and liquidity position, may also lead to a review of the company's ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on withdrawal of credit ratings
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 engaged in the 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 16 contract brewing arrangements with other brewers.

Key financial indicators (audited)

UBL Consolidated	FY2024	FY2025
Operating income	8,122.7	8,915.1
PAT	410.9	442.4
OPBDIT/OI	8.6%	9.4%
PAT/OI	5.1%	5.0%
Total outside liabilities/Tangible net worth (times)	0.7	0.9
Total debt/OPBDIT (times)	0.1	0.7
Interest coverage (times)	101.0	65.4

Source: Company, ICRA Research; 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 (FY2026)			Chronology of rating history for the past 3 years					
		Type	Amount Rated (Rs. crore)	Date & Rating in FY2026 Oct 31, 2025	FY2025		FY2024		FY2023	
					Date	Rating	Date	Rating	Date	Rating
1	Term Loan	Long Term	-	-	-	-	Oct 31, 2023	[ICRA]AA+ (Stable)	Oct 31, 2022	[ICRA]AA+ (Stable)
2	Fund- based	Long Term/Short term	-	-	-	-	Oct 31, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+	Oct 31, 2022	[ICRA]AA+ (Stable)/ [ICRA]A1+

3	Non-Fund Based	Long Term/Short term	-	-	-	-	Oct 31, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+	Oct 31, 2022	[ICRA]AA+ (Stable)/ [ICRA]A1+
4	Fund-based/Non-fund based	Long Term/Short term	1,380.0	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 17, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	Oct 31, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+	-	-
					Oct 29, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	-	-	-	-
5	Commercial Paper	Short Term	0.00	[ICRA]A1+	Jan 17, 2025	[ICRA]A1+	Oct 31, 2023	[ICRA]A1+	Oct 31, 2022	[ICRA]A1+
					Oct 29, 2024	[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	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+
Not Placed	Commercial Paper	NA	NA	7-365 days	0.00	[ICRA]A1+; Withdrawn

Source: Company

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Annexure II: List of entities considered for consolidated analysis

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

Source: UBL

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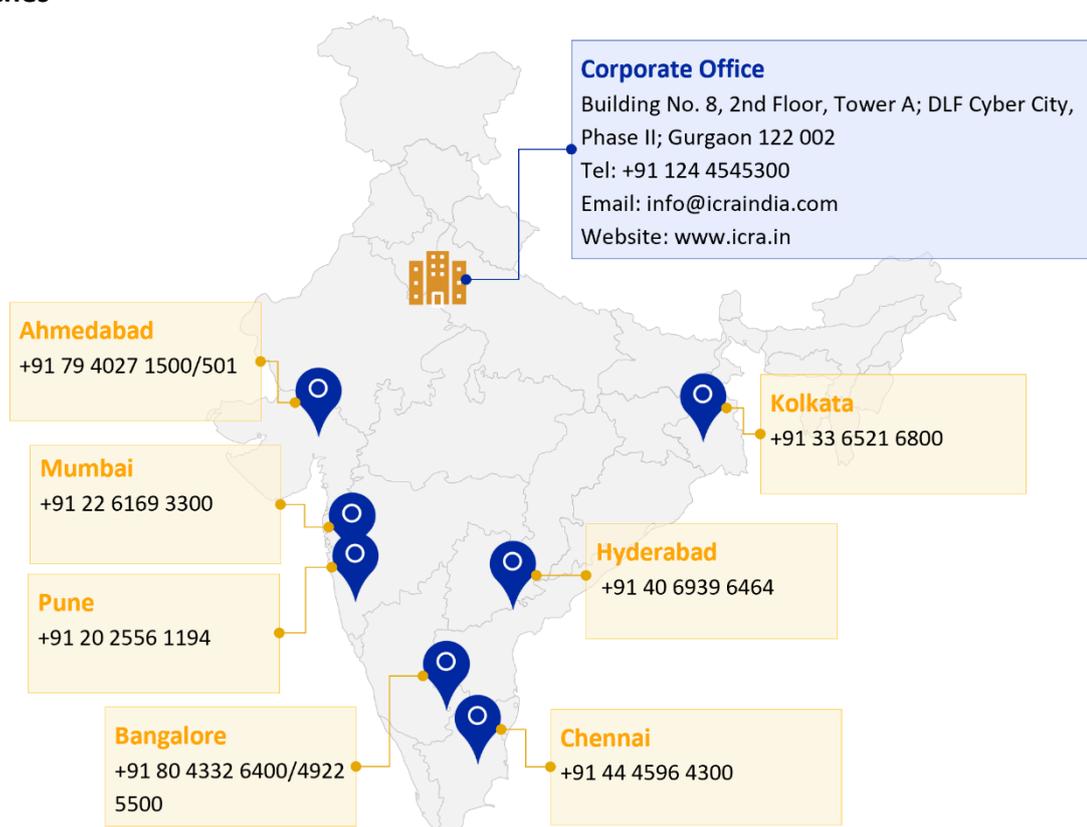
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