

Varun Beverages Limited

January 17, 2019

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial Paper/ Short-term debt	100.0	100.0	[ICRA]A1+ (rating watch with developing implications); Rating withdrawn
Total	100.0	100.0	

Rationale

The rating is withdrawn in accordance with ICRA's policy on withdrawal and suspension, as desired by the company and on confirmation that no amount of commercial paper is outstanding currently.

Outlook: Not applicable

Key rating drivers

Key rating drivers have not been captured as the rated instruments are being withdrawn.

Liquidity Position

Liquidity position has not been captured as the rated instruments are being withdrawn.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable.
Consolidation / Standalone	Not applicable.

About the company:

Incorporated in 1995 by Mr. Ravi Kant Jaipuria, VBL is a franchisee of various carbonated beverages owned by PepsiCo, the major ones being Pepsi, Mountain Dew, 7UP and Mirinda. Apart from carbonated drinks, VBL sells packaged drinking water (AquaFina), and non-carbonated beverages such as Tropicana Slice, Tropicana Frutz and Nimbooz. At present, the company is involved in the distribution of beverages in 18 states and 2 union territories in India. Operations outside India comprise those in Nepal under Varun Beverages (Nepal) Pvt Ltd; in Sri Lanka under Varun Beverages Lanka (Pvt) Ltd; in Morocco under Varun Beverages Morocco SA; and in Zambia under Varun Beverages (Zambia) Ltd.

VBL raised funds through an IPO in November 2016 with an issue size of 25 million shares, including 10 million shares on offer for sale by the promoters. As a result, the promoter shareholding reduced from 100% to around ~74% as on November 30, 2016. The dilution also includes the equity shares allotted to Standard Chartered Private Equity and AION investments upon conversion of CCDs prior to IPO.

Key financial indicators (Standalone)

	FY2016	FY2017
	(Audited)	(Audited)
Operating Income (Rs. crore)	2979.6	3062.5
PAT (Rs. crore)	89.5	235.6
OPBDIT/ OI (%)	23.6%	23.6%
RoCE (%)	15.1%	11.3%
Total Debt/ TNW (times)	0.84	1.04
Total Debt/ OPBDIT (times)	2.55	3.29
Interest Coverage (times)	1.81	3.78

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

S. No.	Instrument	Current Rating (FY2019)				Chronology of Rating History for the past 3 years			
		Type	Rated amount (Rs. Crores)	Amount O/S (Rs. crore)	Date & Rating Jan 2019	Date & Rating in FY2018		Date & Rating in FY2017 February 2017	Date & Rating in FY2016
						January 2018	December 2017		
1	Commercial Paper	Long Term	100.0	0.0	[ICRA]A1+ & Rating withdrawn	[ICRA]A1+ &	[ICRA]A1+	[ICRA]A1+	-

&-Rating watch with developing implications

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the 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
-	Commercial Paper	-	-	-	100.0	[ICRA]A1+ &; Rating withdrawn

Source: Varun Beverages Limited
&-Rating watch with developing implications

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