



VARUN BEVERAGES LIMITED



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Ph.: +91-124-4643100-500 • Fax: +91-124-4643303/04 E-mail : info@rjcorp.in • Visit us at : www.varunpepsi.com
CIN No. : L74899DL1995PLC069839

April 28, 2022

To,

National Stock Exchange of India Ltd. Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Email: cmlist@nse.co.in Symbol: VBL	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 Email: corp.relations@bseindia.com Security Code: 540180
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Sub: Regulation 30: Presentation on Unaudited Financial Results of the Company for the Quarter ended March 31, 2022

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith a copy of the Presentation on Unaudited Financial Results of the Company for the Quarter ended March 31, 2022.

The same is also being uploaded on website of the Company at www.varunpepsi.com.

You are requested to take the above on record.

Yours faithfully,
For Varun Beverages Limited

Ravi Batra
Chief Risk Officer & Group Company Secretary



Encl.: As above



(a PepsiCo franchisee)


Varun Beverages Limited

Q1 CY 2022 Results Presentation



Disclaimer

This communication contains certain forward-looking statements relating to the business, financial performance, strategy and results of Varun Beverages Limited (“VBL” or the “Company”) and/ or the industry in which it operates. Such forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changes in economic, political, regulatory, business or other market conditions. Neither the Company nor its affiliates or advisors or representatives nor any of its or their parent or subsidiary undertakings or any such person’s officers or employees guarantees that the assumptions underlying such forward-looking statements are free from errors nor does either accept any responsibility for the future accuracy of the forward-looking statements contained in this presentation or the actual occurrence of the forecasted developments. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise. Given these uncertainties and other factors, viewers of this communication are cautioned not to place undue reliance on these forward-looking statements.

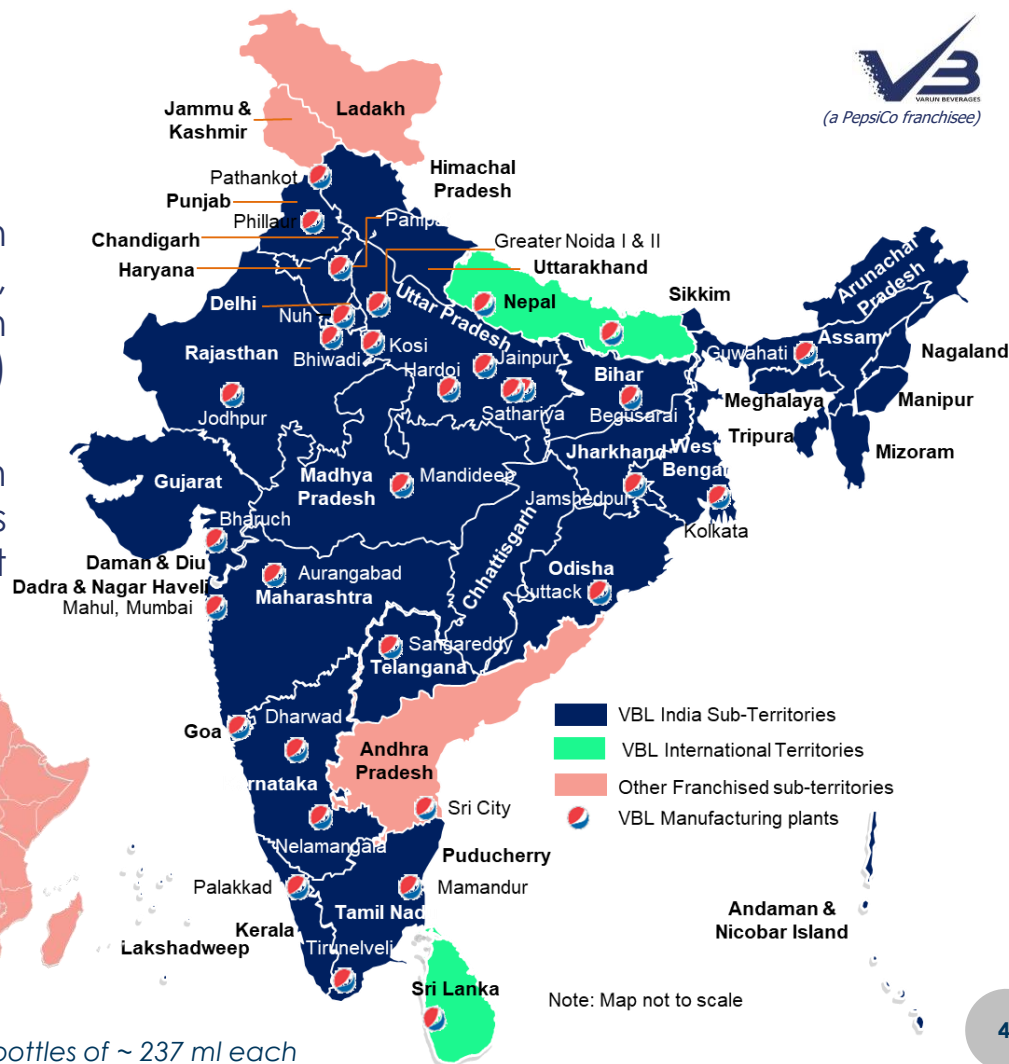
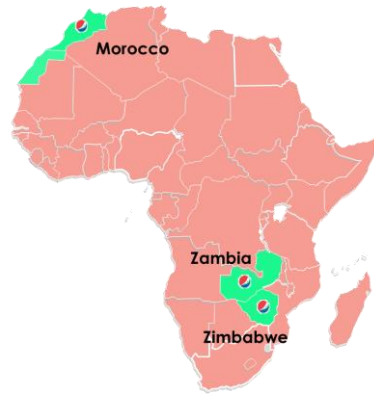
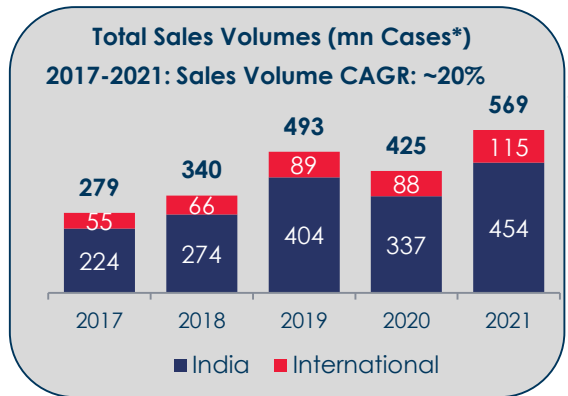


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Company Snapshot



- * **Key player** in the beverage industry
- * Operations spanning across **6 countries** – 3 in the Indian Subcontinent (India, Sri Lanka, Nepal) contribute ~**81%** to revenues; 3 in Africa (Morocco, Zambia, Zimbabwe) contribute ~19% for fiscal year 2021
- * Over **30** years strategic association with PepsiCo – accounting for **85%+** of PepsiCo's beverage sales volume in India and present in 27 States and 7 UTs



Note: *A unit case is equal to 5.678 liters of beverage divided in 24 bottles of ~ 237 ml each

Brands Licensed to VBL

Brands licensed by PepsiCo:

Carbonated Soft Drinks



Carbonated Juice Based Drinks



Energy Drink



Club Soda



Ice Tea



Fruit Pulp / Juice Based Drinks



Sports Drink



Packaged Water



Dairy Based Beverages*

Mango Shake



Cold Coffee

Belgian Choco



Kesar Badam

Elaichi



* Note: "CreamBell" trademark, an established brand, has been licensed to be used by VBL for ambient temperature value added dairy based beverages.

Symbiotic Relationship with PepsiCo

VBL – Demand Delivery

- Production Facilities
- Sales & Distribution – GTM & Logistics
- In-outlet Management – Visi-Coolers
- Consumer Push Management (BTL) - Market Share Gains



PepsiCo – Demand Creation

- Trademarks
- Formulation through Concentrate
- Product & Packaging innovation through investment in R&D
- Consumer Pull Management (ATL) - Brand Development

Key Player in the Beverage Industry – Business Model

VBL- END-TO-END EXECUTION ACROSS VALUE CHAIN

<p style="text-align: center;">MANUFACTURING</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Concentrate (PepsiCo)</div> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Other Raw Materials</div> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Bottling</div> </div>	<ul style="list-style-type: none"> ▪ 37 state-of-the-art production facilities 	<p style="text-align: center; background-color: #e91e63; color: white; padding: 10px; border-radius: 10px;">SOLID INRASTRUCTURE</p>
<p style="text-align: center;">DISTRUBUTION & WAREHOUSING</p>	<ul style="list-style-type: none"> ▪ 100+ depots ▪ 2,000+ primary distributors ▪ 2,500+ owned vehicles 	<p style="text-align: center; background-color: #e91e63; color: white; padding: 10px; border-radius: 10px;">ROBUST SUPPLY CHAIN</p>
<p style="text-align: center;">CUSTOMER MANAGEMENT</p>	<ul style="list-style-type: none"> ▪ Installed 840,000+ visi-coolers ▪ VBL - local level promotion and in-store activation ▪ PepsiCo - brand development & consumer marketing 	<p style="text-align: center; background-color: #e91e63; color: white; padding: 10px; border-radius: 10px;">DEMAND DELIVERY</p>
<p style="text-align: center;">IN-MARKET EXECUTION</p>	<ul style="list-style-type: none"> ▪ Experienced region-specific sales team ▪ Responsible for category value/volume growth ▪ Responsible for reaching out to every 6th person in the world 	<p style="text-align: center; background-color: #e91e63; color: white; padding: 10px; border-radius: 10px;">MARKET SHARE GAINS</p>
<p style="text-align: center;">COST EFFICIENCIES</p>	<ul style="list-style-type: none"> ▪ Production optimization ▪ Backward integration (3 plants) ▪ Innovation (packaging etc.) 	<p style="text-align: center; background-color: #e91e63; color: white; padding: 10px; border-radius: 10px;">MARGIN EXPANSION</p>
<p style="text-align: center;">CASH MANAGEMENT</p>	<ul style="list-style-type: none"> ▪ Working capital efficiencies ▪ Disciplined capex investment ▪ Territory acquisition 	<p style="text-align: center; background-color: #e91e63; color: white; padding: 10px; border-radius: 10px;">ROE EXPANSION / FUTURE GROWTH</p>

Chairman's Message



Commenting on the performance for Q1 CY2022, Mr. Ravi Jaipuria, Chairman – Varun Beverages Limited said,

"We have started the year on a strong note, delivering notable growth across all parameters. Robust demand in both domestic and international markets, also supported by the early onset of summer in India, translated to healthy volumes during the quarter. This along with improved net realizations resulted in a solid net revenue growth of 26.2% in Q1 CY 2022.

On the profitability front as well, we have delivered enhanced performance despite significant increase in input costs during the quarter. Our EBITDA grew by 39.1% and our margins improved to 18.8% in Q1 CY 2022.

On the demand front, we are seeing a solid uptick in consumption. The summer season in the domestic market has begun well and as we enter the peak months, we are well prepared to cater to the anticipated demand by optimizing our capacity utilization across all our plants and further enhancing our reach across established and underpenetrated markets.

During the quarter, the Board approved the proposal to manufacture "Kurkure Puffcorn" for PepsiCo India as part of their network of co-packers. The commercial production is expected to begin from Q3 CY 2022.

As we look ahead, on the back of an improving demand environment, we remain confident of delivering healthy volume growth in the medium to longer term. We are also happy to share that as a token of appreciation to all our shareholders, the Board today has recommended a bonus issue of 1 equity share for every 2 equity shares held by shareholders of the Company as on the record date. Overall, our initiatives towards improving our market share, building infrastructure, and expanding reach continue to hold us in good stead and we are confident of delivering strong and sustainable growth going forward."



Key Developments

Commencement of Commercial Production in Bihar & Jammu

- During Q1 CY 2022, the new beverage manufacturing plant in Bihar and the new backward integration plant in Jammu & Kashmir commenced commercial production.

Co-Packing Agreement for “Kurkure Puffcorn”

- During the quarter the Board of Directors approved the proposal to enter into an agreement to manufacture “Kurkure Puffcorn” for PepsiCo India Holdings Private Limited as part of their network of co-packers.

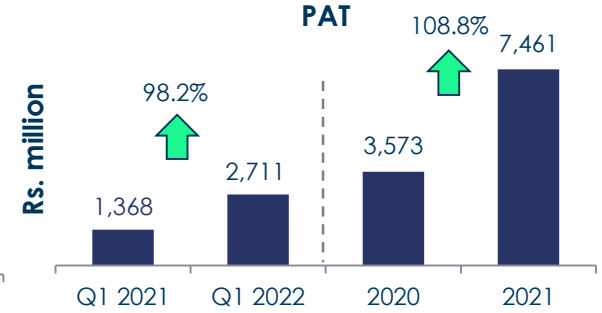
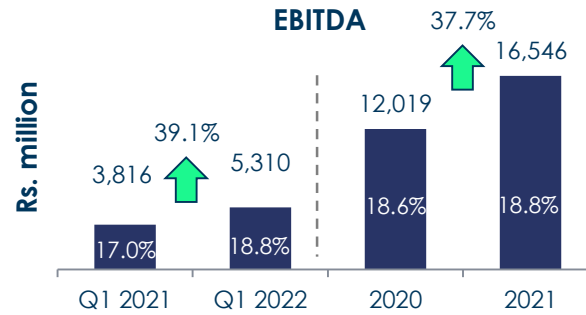
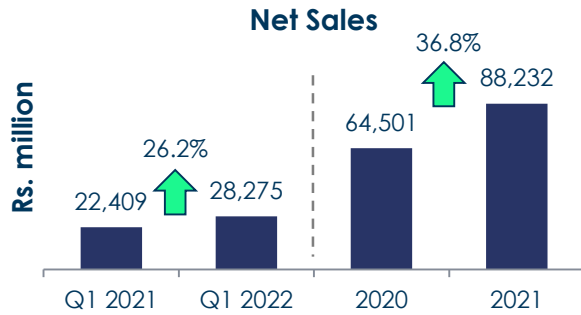
Roha, Maharashtra - Plant & Machinery write-off

- With an objective of consolidating the manufacturing plants and improving operational efficiencies, during the quarter, the Company has written-off its plant and machinery (CSD Glass and Can line) at Roha plant in Maharashtra which had sub-optimal capacity utilization / mix (WDV of Rs. 145.76 million) and moved the packaged drinking water line to Paithan plant in Maharashtra.

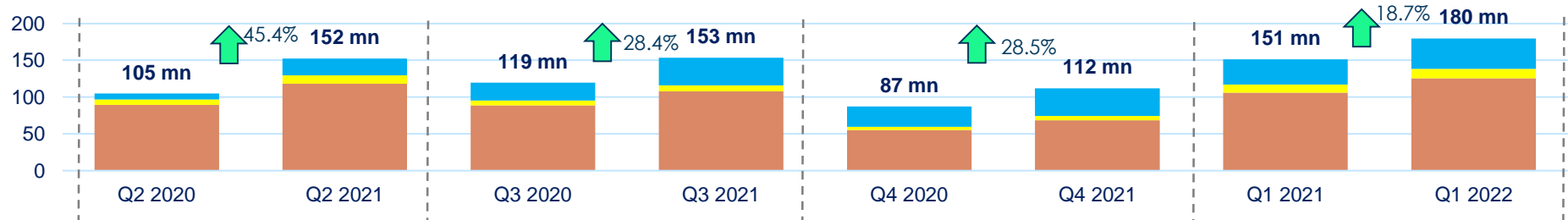
Bonus Issue

- The Audit, Risk Management and Ethics Committee and Board of Directors of the Company at their respective meetings held today have recommended a bonus issue of 1 equity share of Rs. 10/- each for every 2 equity shares of Rs. 10/- each held by shareholders of the Company as on the record date by capitalizing the reserves (share premium account).

Results Overview



Quarterly Sales Volumes (Category-wise million unit cases)



Period	Q2 2020		Q2 2021		Q3 2020		Q3 2021		Q4 2020		Q4 2021		Q1 2021		Q1 2022	
CSD	89	85%	118	78%	89	74%	108	70%	55	63%	68	61%	106	70%	126	70%
Juice	8	7%	11	7%	6	6%	8	5%	4	5%	6	5%	11	7%	13	7%
Water	8	8%	23	15%	24	20%	37	25%	28	32%	38	34%	34	23%	41	23%

Consolidated Profit & Loss Statement

Particulars (Rs. million)	Q1 2022	Q1 2021	YoY(%)	CY 2021	CY 2020	YoY (%)
1. Income						
(a) Revenue from operations	28,674.77	22,698.77	26.3%	89,582.91	65,557.91	36.6%
(b) Excise Duty	400.05	289.85	38.0%	1,350.61	1,056.49	27.8%
Net Revenues	28,274.72	22,408.92	26.2%	88,232.30	64,501.42	36.8%
(c) Other income	85.08	57.29	48.5%	679.25	369.72	83.7%
2. Expenses						
(a) Cost of materials consumed	14,543.93	10,929.94	33.1%	39,689.13	26,885.09	47.6%
(b) Purchase of stock-in-trade	593.95	578.89	2.6%	1,654.69	925.87	78.7%
(c) Changes in inventories of FG, WIP and stock-in-trade	(1,436.06)	(1,607.21)	10.6%	(997.22)	(171.59)	-481.2%
(d) Employee benefits expense	2,750.63	2,384.35	15.4%	10,076.99	8,897.36	13.3%
(e) Finance costs	469.55	579.41	-19.0%	1,847.00	2,811.04	-34.3%
(f) Depreciation and amortization expense	1,313.19	1,347.21	-2.5%	5,312.62	5,287.02	0.5%
(g) Other expenses	6,512.30	6,306.73	3.3%	21,262.26	15,946.01	33.3%
Total expenses	24,747.49	20,519.32	20.6%	78,845.47	60,580.80	30.1%
EBITDA	5,309.97	3,816.22	39.1%	16,546.45	12,018.68	37.7%
3. Profit/(loss) before tax and share of profit in associate (1-2)	3,612.31	1,946.89	85.5%	10,066.08	4,290.34	134.6%
4. Exceptional items	-	-		-	665.29	
5. Profit (Loss) before tax (3-4)	3,612.31	1,946.89	85.5%	10,066.08	3,625.05	177.7%
6. Tax expense	901.37	579.30	55.6%	2,605.56	52.34	4878.1%
7. Net profit (loss) for the period (5-6)	2,710.94	1,367.59	98.2%	7,460.52	3,572.71	108.8%

Discussion on Financial & Operational Performance

Net Revenues / Sales Volumes

- Revenue from operations (net of excise / GST) grew by 26.2% YoY in Q1 CY2022 to Rs. 28,274.7 million driven by robust volume growth and increase in net realization.
- Total sales volume grew by 18.7% to 179.7 million cases in Q1 CY2022 from 151.4 million cases in Q1 CY2021 driven by strong demand across geographies. The third wave of Covid in Jan'22 had no impact on Company's performance.
- Realization per case improved by 6.3% to Rs. 157.3 in Q1 CY2022 driven by price hike in select SKUs, change in SKU mix and higher realization in international markets.
- CSD constituted 70%, Juice Based Drinks 7% and Packaged Drinking Water 23% of total sales volumes in Q1 CY2022.

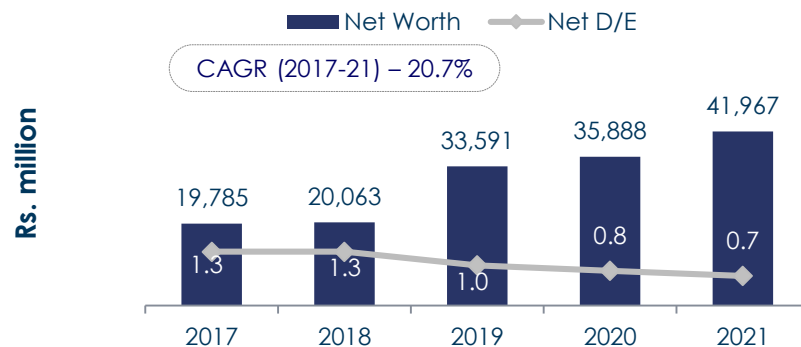
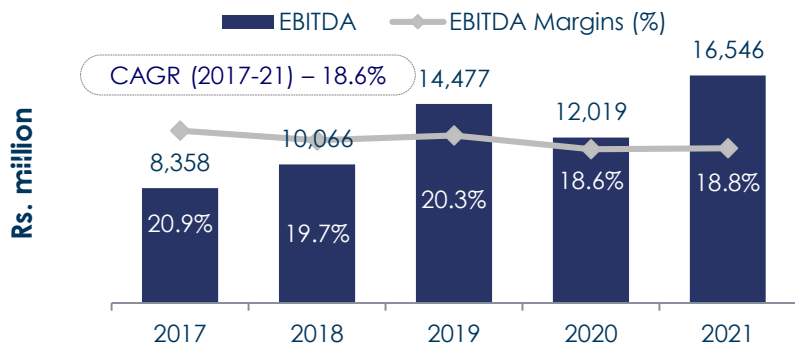
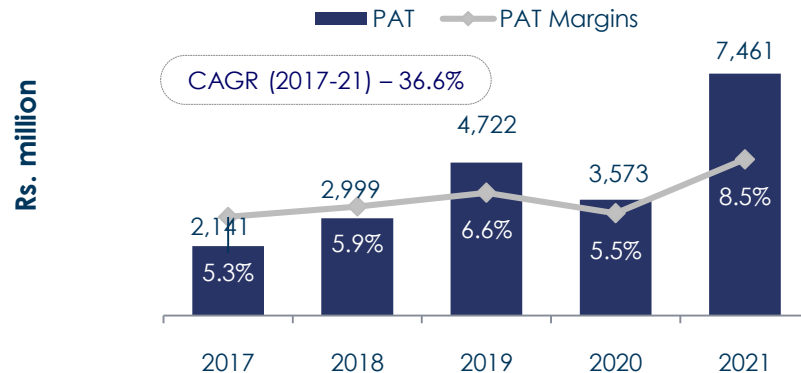
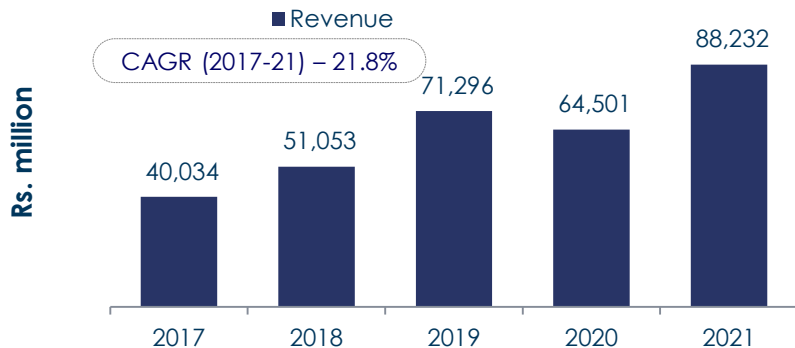
Gross Margins / EBITDA

- Gross margins for Q1 CY2022 reduced by 427 bps to 51.5% from 55.8% in Q1 CY2021 primarily because of increase in preform prices by ~30% over Q1 CY2021.
- Despite increase in input costs, EBITDA increased by 39.1% to Rs. 5,310.0 million in Q1 CY2022 and EBITDA margin improved by 175 bps to 18.8% in Q1 CY2022 led by higher realization and operating leverage from increased sales volume.

PAT

- PAT for Q1 CY2022 increased by 98.2% to Rs. 2,710.9 million from Rs. 1,367.6 million in Q1 CY2021 driven by improvement in margins, reduction in finance cost and higher profitability from our international operations.
- Finance cost reduced by 19.0% to Rs. 469.6 million primarily because of lower average cost of borrowing.

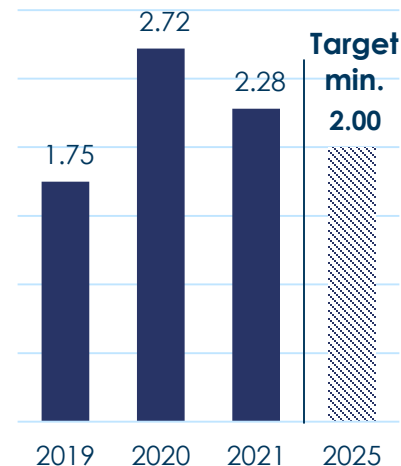
Performance Highlights (2017 – 2021)



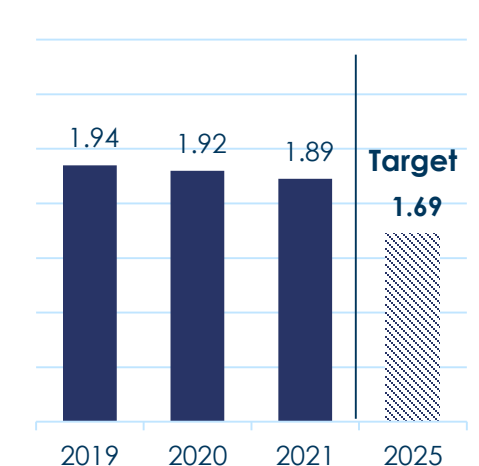
Sustainability Initiatives - Water Stewardship

Parameter (mn KL)	CY2019	CY2020	CY2021
	Audited	Audited	Audited
Total water consumption (A)	4.12	3.74	4.86
Beverage production (B)	2.12	1.95	2.57
Water Usage Ratio (A/B)	1.94 times	1.92 times	1.89 times
Water recharge (C)	7.22	10.19	11.10
Water recharge ratio (C/A)	1.75 times	2.72 times	2.28 times
No. of ponds adopted	103	108	110

Water Recharge Ratio#



Water Usage Ratio(WUR)*



Audited by TÜV India Pvt. Ltd., a subsidiary of TÜV NORD, Germany. Founded in the year 1869 and headquartered in Germany, TÜV NORD GROUP is one of the world's largest Inspection, Certification & Testing organizations with presence across 70 countries globally.

Total water recharged per litre of water consumed

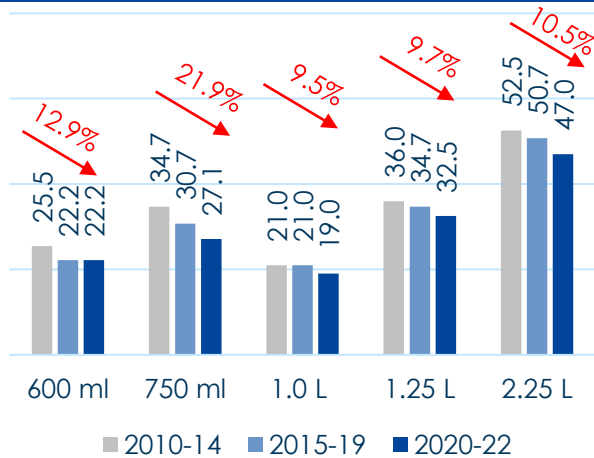
* Litres of water consumed per litre of beverage produced

- Key water conservation initiatives included rain water harvesting, ponds adoption, development & maintenance, waste water management on the principles of Reduce, Reuse and Recycle, for optimal water consumption.
- Our efforts towards water recharge continued however, sales volumes in CY20 declined due to COVID 19 pandemic resulting in better water recharge ratio in CY20.

- Scope of audit covered all manufacturing plants in India.
- 100% of the water discharged from our manufacturing operations goes to effluent treatment plants that ensure sufficient quality of discharged water.
- 20 plants of VBL contributing to ~69% of the total production in CY21 fall in the "Safe" category of Central Ground Water Authority of India or use surface water.

Sustainability Initiatives – Plastic Waste Management

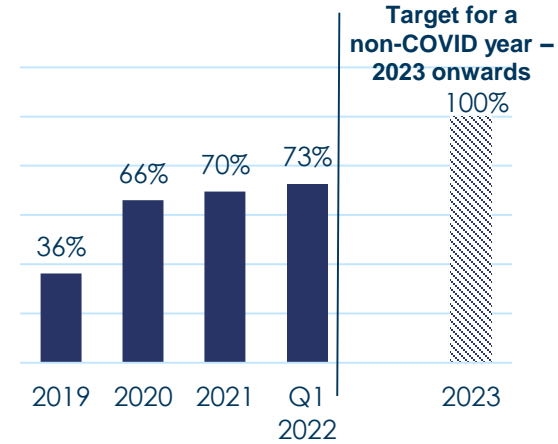
Weight Reduction of Pre-forms (grams)



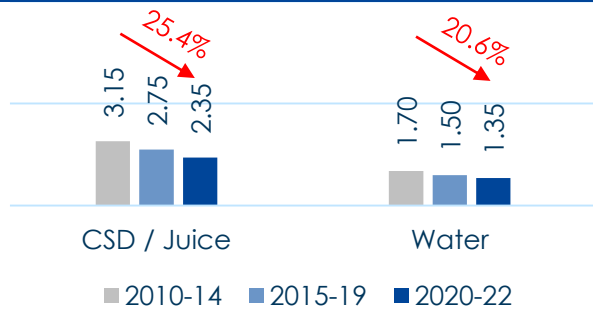
Plastic usage reduction through light weighting of Pre-forms and Closures for PET bottles. Phase-wise implementation of certain SKUs is under process

Plastic Waste Recycling % = % of plastic waste recycled per kg of PET sold in finished products. Plastic waste includes PET, shrink film, plastic closures, labels & laminates post consumption

Plastic Waste Recycling %



Weight Reduction of Closures (grams)



Certified by GEM Enviro Management Pvt. Ltd., a Delhi based Central Pollution Control Board (“CPCB”) recognized PRO (Producer Responsible Organization).

VBL has engaged with GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles through collection from end users by placing dustbins / reverse vending machines, direct collection from Institutions (Hotels, Banquet Halls, Exhibitions, etc.) and spreading awareness through workshops. GEM Enviro Management Pvt. Ltd. specializes in a) collection and recycling of packaging waste & b) promotion of recycled green products like T-Shirts, bags etc. made from recycling of used PET bottles.

Sustainability Initiatives - Climate Action

GHG Emissions	Million Kg CO ₂ e		Grams / litre*	
	CY 2020	CY 2021	CY 2020	CY 2021
Scope 1	23.91	29.46	12.29	11.48
Scope 2	129.11	178.44	66.33	69.54
Scope 3	537.68	624.44	276.25	243.35
Total	690.70	832.34	354.87	324.37

* Grams / litre = Grams of CO₂e emission per litre of beverage produced during the year

Scope 1 and Scope 2 emissions are verified according to the requirements of ISO 14064-1.

Scope 1 includes direct GHG emissions from fuels and gases consumed by sources owned or controlled by the Company;

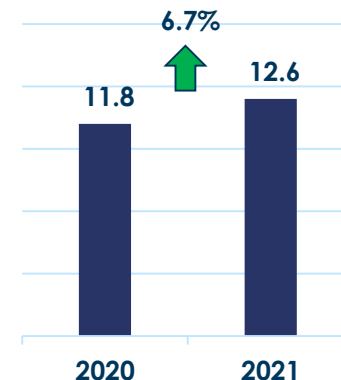
Scope 2 includes indirect GHG emissions associated with purchase of electricity (excluding electricity purchased for backward integration);

Scope 3 emissions includes energy consumption, refrigerant emission of visi-coolers placed with retailers and fuel consumption from employee commuting, business travels by air/rail/road, and upstream/downstream transportation.

GHG emissions are audited by **Deutsch Quality Systems (India) Private Limited (DQS India)**, an Internationally reputed independent field expert.

VBL has engaged DQS India for conducting carbon footprint assessment and verification across all locations (manufacturing plants, warehouses, corporate office, sales offices) in India covering Scope 1, 2 & 3 emission sources. DQS India is the Indian subsidiary of DQS Holding GmbH, one of the leading Management System Certification, Assessment & Training organization globally.

Energy Efficiency (litre/kWh)



Energy Efficiency =

Litres of beverage produced per unit (in kWh) of electrical energy consumption in plants (excluding energy consumed for backward integration)

Varun Beverages Limited Q1 CY 2022 Earnings Conference Call

Time • Thursday, April 28, 2022 at 4:00 PM IST

Conference dial-in Primary number • +91 22 6280 1141 / +91 22 7115 8042

International Toll Free Number

- Hong Kong: 800 964 448
- Singapore: 800 101 2045
- UK: 0 808 101 1573
- USA: 1 866 746 2133

Varun Beverages Limited (“VBL” or the “Company”) is a key player in beverage industry and one of the largest franchisee of PepsiCo in the world (outside USA). The Company produces and distributes a wide range of carbonated soft drinks (CSDs), as well as a large selection of non-carbonated beverages (NCBs), including packaged drinking water sold under trademarks owned by PepsiCo. PepsiCo CSD brands produced and sold by VBL include Pepsi, Mountain Dew, Seven-Up, Mirinda Orange, Diet Pepsi, Mountain Dew Ice, Seven-Up Nimbooz Masala Soda, Everves and Sting. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Juices (100% and Delight), Nimbooz, Gatorade as well as packaged drinking water under the brand Aquafina.

VBL has been associated with PepsiCo since the 1990s and have over two and half decades consolidated its business association with PepsiCo, increasing the number of licensed territories and sub-territories covered by the Company, producing and distributing a wider range of PepsiCo beverages, introducing various SKUs in the portfolio, and expanding the distribution network. As on date, VBL has been granted franchises for various PepsiCo products across 27 States and 7 Union Territories in India. India is the largest market and contributed ~75% of revenues from operations (net) in Fiscal 2021. VBL has also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe.

For more information about us, please visit www.varunpepsi.com or contact:

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Thank You!
