



VARUN BEVERAGES LIMITED



Corporate Off : Plot No.31, Institutional Area, Sec.-44, Gurgaon, Haryana-122002 (India)
Ph.: +91-124-4643100-500 • Fax: +91-124-4643303/04 E-mail : info@rjcorp.in • Visit us at : www.rjcorp.in
CIN No. : L74899DL1995PLC069839 August 9, 2018

To,

BSE Limited Corporate Relationship Department, 1 st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai – 400 001 022-2272 3121, 2037, 2061 corp.relations@bseindia.com Security Code No. 540180	National Stock Exchange of India Ltd. Exchange Plaza, 5 th floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 # 022-2659 8237, 8238, 8347, 8348 cm1ist@nse.co.in Symbol : VBL Series : EQ
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Subject: 1. Regulations 33: Unaudited Financial Results for the Quarter and Six Months ended June 30, 2018; and
2. Regulation 30: Declaration of Interim Dividend of Rs. 2.50/- per equity share for the year 2018.

Dear Sir/Madam,

The Board of Directors at their meeting held today (started at 11.00 A.M. and concluded at 11.45 A.M.) considered and approved:

1. The Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter and Six months ended June 30, 2018 (Copy of the same along-with Limited Review Report issued by M/s. Walker Chandiook & Co., LLP and M/s. APAS & Co., Chartered Accountants and Joint Statutory Auditors of the Company, with unmodified opinion are attached).

Copies of the above mentioned results are also being uploaded on the website of the Company at www.varunpepsi.com


2. The payment of interim dividend of Rs. 2.50/- (Two Rupees and Fifty Paise only) per equity share for the year 2018 on entire issued, subscribed and paid up 18,26,34,140 equity shares of the nominal value of Rs. 10/- each.

The interim dividend for the year 2018 will be paid on and from August 23, 2018 to those members whose names appear on the Register of Members of the Company and as beneficial owners in the Depositories, determined with reference to the Record Date of August 21, 2018 fixed for the purpose of interim dividend.

You are requested to take the above on record.

Yours faithfully,

For Varun Beverages Limited


Ravi Batra
Chief Risk Officer &
Group Company Secretary



Independent Auditor's Review Report on Consolidated Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Varun Beverages Limited


1. We have reviewed the accompanying statement of unaudited consolidated financial results ("Statement") of Varun Beverages Limited ("the Company"), its subsidiaries (the Company and its subsidiaries together referred to as "the Group") and its associates (Refer Annexure 1 for the list of subsidiaries and associates included in the Statement) for the quarter ended 30 June 2018 and the consolidated year to date results for the period 1 January 2018 to 30 June 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above and upon consideration of the review reports of the other auditors, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. We did not review the financial results of six subsidiaries included in the Statement whose financial results reflect total revenues of ₹ 4,080.57 million and ₹ 6,758.26 million for the quarter and period ended 30 June 2018 respectively, net profit (including other comprehensive income) of ₹ 195.08 million and ₹ 125.75 million for the quarter and period ended 30 June 2018 respectively, total assets of ₹ 16,005.58 million and net assets of ₹ 1,752.66 million as at 30 June 2018. The Statement also includes the Group's share of net profit (including other comprehensive income) of ₹ 6.65 million and ₹ 17.59 million for the quarter and the period ended 30 June 2018 respectively, as considered in the Statement, in respect of two associates, whose financial results have not been reviewed by us. These financial results have been reviewed by other auditors whose review reports have been furnished to us by the management and our report in respect thereof is based solely on the review reports of such other auditors. Our review report is not modified in respect of this matter.



Independent Auditor's Review Report on Consolidated Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Cont'd)

5. The review of unaudited consolidated financial results for the quarter ended 30 June 2017 and year to date results for the period 1 January 2017 to 30 June 2017 and audit of consolidated financial results for the year ended 31 December 2017, included in the Statement was jointly carried out and reported by Walker Chandiook & Associates, Chartered Accountants and APAS & Co., Chartered Accountants vide their unmodified review report dated 09 August 2017 and unmodified audit report dated 16 February 2018 respectively, whose review and audit reports have been furnished to us by the management and which have been relied upon by us for the purpose of our review of the Statement. Our review report is not modified in respect of this matter.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

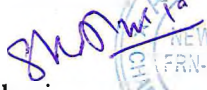

Anupam Kumar
Partner
Membership No. 501531
Place: Gurugram

Date: 09 August 2018

L-41 Connaught Place,
New Delhi 110 001



For **APAS & Co.**
Chartered Accountants
Firm Registration No: 000340C


Sumit Kathuria
Partner
Membership No. 520078
Place: Gurugram

Date: 09 August 2018

8/14 Basement, Kalkaji Extension,
New Delhi 110 019



Independent Auditor's Review Report on Consolidated Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Cont'd)

Annexure 1

List of entities included in the Statement

Subsidiaries

1. Varun Beverages(Nepal) Private Limited
2. Varun Beverages Lanka (Private) Limited
3. Varun Beverages Morocco SA
4. Ole Spring Bottlers Private limited
5. Varun Beverages (Zambia) Private Limited
6. Varun Beverages (Zimbabwe) (Private) Limited

Associates

1. Angelica Technologies Private Limited
2. Lunarmech Technologies Private Limited



Independent Auditor's Review Report on Standalone Quarterly Financial Results and Year to Date Results of the Varun Beverages Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Varun Beverages Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results ("Statement") of Varun Beverages Limited ("the Company") for the quarter ended 30 June 2018 and the year to date results for the period 1 January 2018 to 30 June 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. The review of unaudited standalone financial results for the quarter ended 30 June 2017 and year to date results for the period 1 January 2017 to 30 June 2017 and audit of standalone financial results for the year ended 31 December 2017, included in the Statement was jointly carried out and reported by Walker Chandiook & Associates, Chartered Accountants and APAS & Co., Chartered Accountants vide their unmodified review report dated 09 August 2017 and unmodified audit report dated 16 February 2018 respectively, whose review and audit reports have been furnished to us by the management and which have been relied upon by us for the purpose of our review of the Statement. Our review report is not modified in respect of this matter.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013


Anupam Kumar
Partner


Membership No. 501531
Place: Gurugram

Date: 09 August 2018

L-41 Connaught Place,
New Delhi 110 001



For **APAS & Co.**
Chartered Accountants
Firm Registration No: 000340C


Sumit Kathuria
Partner
Membership No. 520078
Place: Gurugram

Date: 09 August 2018

8/14 Basement, Kalkaji Extension,
New Delhi 110 019





VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC069839

Registered office: F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020

Corporate office: RJ Corp House, Plot No-31, Institutional Area, Sector-44, Gurugram-122002 (Haryana)

Tel: +91-124-4643100, Fax: +91-124-4643303, E-mail: complianceofficer@rjcorp.in, Website: www.varunpepsi.com

Statement of consolidated unaudited financial results for the quarter and half year ended on 30 June 2018 [Regulation 33 read with Regulation 47 (1) (b) of the SEBI (LODR) Regulations, 2015]

(₹ in million, except per share data)

Particulars	Three months ended on 30 June 2018 (Unaudited)	Half year ended on 30 June 2018 (Unaudited)	Three months ended on 30 June 2017 (Unaudited)
Total income from operations	20,971.46	32,195.19	19,340.07
Net Profit for the period before tax	4,240.63	4,550.38	3,437.08
Net Profit for the period after tax	3,067.89	3,265.27	2,455.84
Total Comprehensive Income for the period [Comprising Profit for the period (after tax) and Other Comprehensive Income (after tax)]	3,122.41	3,267.52	2,451.43
Equity Share Capital (face value of ₹ 10 each)	1,826.15	1,826.15	1,825.10
Reserves (excluding revaluation reserve)	-	19,199.80	-
Earnings per share (of ₹ 10/- each)			
(a) Basic	16.62	17.64	13.46
(b) Diluted	16.61	17.63	13.45
See accompanying notes			

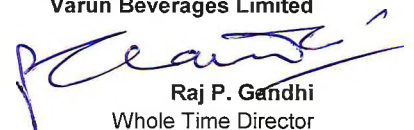
Notes:

- The above is an extract of the detailed format of quarterly and half yearly financial results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and other Disclosure Requirements) Regulations, 2015. The full format of the quarterly and half yearly financial results are available on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and on Company's website (www.varunpepsi.com).
- These unaudited financial results for the quarter and half year ended 30 June 2018, have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 09 August 2018. As required under Regulation 33 of SEBI (Listing Obligations and other Disclosure Requirements) Regulations, 2015, the statutory auditors have conducted a limited review of these financial results.
- During the quarter and half year ended 30 June 2018, the holders of 3000 Secured, Rated, Listed, Redeemable, Non-convertible debentures (NCDs) having a face value of ₹ 1 million each, have exercised their put option for redemption of NCDs at face value along with accrued interest. Accordingly, the Company redeemed all the NCDs during the period and there were no NCDs outstanding as at 30 June 2018. Accordingly, information pursuant to requirement of Regulation 52(4) and Regulation 54(2) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements Regulation 2015) for half year ended 30 June 2018 has not been presented.
- The Board of Directors have approved a payment of interim dividend of ₹ 2.50 (Rupees two and paise fifty only) per equity share of the face value of ₹ 10 each.
- Consequent to the introduction of the Goods and Service Tax Act ("GST") in India with effect from 01 July 2017, Central Excise, Value Added Tax (VAT), and some other indirect taxes have been subsumed into GST. In accordance with Ind AS 18 on Revenue and Schedule III of the Companies Act, 2013, unlike excise duty, levies such as GST are collected on behalf of Government authorities and do not form part of revenue. Accordingly, the figures for the quarter and half year ended 30 June 2018 are not strictly comparable to other periods presented which were gross of excise duty. The following additional information is being provided to facilitate such understanding:

Particulars	Three months ended 30 June 2018 (Unaudited)	Three months ended 30 June 2017 (Unaudited)	Change (%)	Half year ended 30 June 2018 (Unaudited)
Gross revenue from operations (A)	20,971.46	19,340.07	8.44	32,195.19
Less: Excise duty (B)	(380.15)*	(3,006.12)	(87.35)	(656.18)*
Net revenue from operations (A-B)	20,591.31	16,333.95	26.06	31,539.01

*Excise duty and other similar taxes in jurisdiction other than India.

For and on behalf of Board of Directors of
Varun Beverages Limited


Raj P. Gandhi
Whole Time Director

Place : Gurugram
Dated : 09 August 2018



VARUN BEVERAGES LIMITED

Corporate identification number: U74899DL1995PLC069839

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Statement of consolidated assets and liabilities

₹ in million, except as stated otherwise

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)
Assets		
Non-current assets		
(a) Property, plant and equipment	38,634.42	35,411.66
(b) Capital work-in-progress	482.35	1,454.38
(c) Goodwill	30.60	19.40
(d) Other intangible assets	4,910.88	4,374.15
(e) Investment in associates	99.82	82.23
(f) Financial assets		
(i) Investments	0.04	0.04
(ii) Loans	206.03	192.19
(iii) Others	8.06	8.96
(g) Deferred tax assets (Net)	165.39	80.04
(h) Other non-current assets	1,157.50	1,525.85
Total non-current assets (A)	45,695.09	43,148.90
Current assets		
(a) Inventories	5,651.25	4,388.94
(b) Financial assets		
(i) Trade receivables	2,180.17	1,502.45
(ii) Cash and cash equivalents	1,116.50	649.46
(iii) Bank balances other than (ii) above	14.21	295.14
(iv) Others	1,642.71	933.63
(c) Current tax assets (Net)	-	0.13
(d) Other current assets	1,221.96	1,532.48
	11,826.80	9,302.23
Assets classified as held for sale (C)	359.32	384.95
Total assets (A+B+C)	57,881.21	52,836.08
Equity and liabilities		
Equity		
(a) Equity share capital	1,826.15	1,825.87
(b) Other equity	19,199.80	15,868.41
Equity attributable to owners of the Company	21,025.95	17,694.28
(c) Non-controlling interest	30.20	(14.32)
Total equity (A)	21,056.15	17,679.96
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	15,515.34	16,869.95
(ii) Other financial liabilities	45.27	45.98
(b) Provisions	966.65	732.64
(c) Deferred tax liabilities (Net)	1,749.79	1,501.51
(d) Other non-current liabilities	73.83	73.83
Total non-current liabilities (B)	18,350.88	19,223.91
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	3,487.44	3,533.65
(ii) Trade payables	4,149.79	1,909.46
(iii) Other financial liabilities	6,593.35	8,781.33
(b) Other current liabilities	3,045.05	1,471.92
(c) Provisions	278.01	167.50
(d) Current tax liabilities (net)	920.54	68.35
Total current liabilities (C)	18,474.18	15,932.21
Total liabilities (D=B+C)	36,825.06	35,156.12
Total Equity and Liabilities(A+D)	57,881.21	52,836.08

See accompanying notes





Varun Beverages Ltd. Q2 & H1 2018 Financial Results

Q2 2018

Revenue grows 26.1% YoY to Rs. 20,591 million

EBITDA increases 19.6% YoY to Rs. 5,749 million

Net Profit expands 24.9% to Rs. 3,068 million

Gurgaon, August 09, 2018: Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, announced its financial results for the second quarter and half year ended June 30, 2018.

Financial Performance Highlights*

Performance Review for Q2 2018 vs. Q2 2017

- Revenue from operations (net of excise / GST) grew 26.1% YoY to Rs. 20,591 million as compared to Rs. 16,334 million
 - Total sales volumes were up 21.3% YoY at 136.4 million cases in Q2 2018 as compared to 112.5 million unit cases in Q2 2017
 - Strong organic volume growth trend continued in India at 12.6% in Q2 2018 while organic volume growth on a consolidated basis stood at 9.8%
- EBITDA increased by 19.6% to Rs. 5,749 million from Rs. 4,805 million
 - Underlying margins have improved in existing as well as recently acquired territories
 - Blended EBITDA margins declined 150 bps YoY to 27.9% due to sub-optimal volumes/margins in acquired sub-territories and contribution from the Tropicana juice portfolio, where at present VBL has only a supply and distribution arrangement, and not manufacturing the product
- PAT increased by 24.9% to Rs. 3,068 million from Rs. 2,456 million
- In line with the guidelines of dividend policy, the Board of Director's have recommended an interim dividend of Rs. 2.5 per share. Total cash outflow would be ~ Rs. 550.5 mn (inclusive of statutory taxes payable).

Performance Review for H1 2018 vs. H1 2017

- Revenue from operations (net of excise / GST) grew 25.5% YoY to Rs. 31,539 million as compared to Rs. 25,126 million
- EBITDA increased by 21.0% to Rs. 7,476 million from Rs. 6,177 million
- PAT increased by 29.3% to Rs. 3,265 million from Rs. 2,525 million

***Note 1:** VBL follows a calendar year of reporting (Jan to Dec); **Note 2:** Given the seasonality in the business, it is best to monitor the business on an annual basis as a significant portion of the revenues and entire profits are realized in the Apr-June quarter

Commenting on the performance for Q2 & H1 2018 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said, "We are pleased to announce that we have delivered a strong performance in the second quarter, the peak season for our products, delivering a robust topline growth of 26.1% and net profit growth of 24.9%. What is encouraging is that volume growth has reverted to double digits in line with historical trends of the last 25 years. Organic volume growth in India was robust at 12.6% in Q2 2018. The introduction of new product categories, like Tropicana and Sting, has resulted in better portfolio mix and improved our realizations during the quarter.

Over the last 12 months we have undertaken several business strengthening initiatives including the acquisition of 5 new sub-territories in India, setup a greenfield plant in Nepal as well as made a very successful foray into the Zimbabwean market, recording strong volumes. Even after these investments, we have been able to drive a reduction in our overall debt levels on the back of healthy cash flows.

Despite the robust volume growth, our capacity utilization during the peak month has remained under 70%, providing significant scope for growth on existing investments. Further, the territories acquired are highly under-penetrated and provide huge opportunity for increasing volumes and gaining market share.

We have enhanced our portfolio mix over the last few months with new product additions with ethnic flavours in the fast growing juice segment. We will leverage our existing distribution network and chilling infrastructure to help expand volumes in the Tropicana juice business in the North and East regions by growing its availability in these regions. These initiatives augur well for our long term growth prospects and also will reduce seasonality, enhance profitability and augment return ratios.

We are focused on strengthening our reach and increasing availability in line with customer preferences and are confident that the efficient execution of our strategy will translate into profitable, sustainable and responsible growth."

Key Developments – Q2 2018

Debt / Credit Rating

- Net debt stood at Rs. 20,947 million as on June 30, 2018 as against Rs. 22,225 million as on June 30, 2017 resulting in net reduction of Rs. 1,278 mn. Debt : Equity ratio stood at 1.0x and Debt : EBITDA ratio stood at 2.1x as on June 30, 2018
- CRISIL (an S&P Global Company) has retained the credit rating for long term debt as CRISIL AA- and for short term debt as CRISIL A1+

Capacity expansion

- During the period Jul'17 – Jun'18, acquisition of 5 new sub-territories in India (~ Rs. 2,900 mn), new plant set-up in Nepal (~ Rs. 1,300 mn), entry into new geography – Zimbabwe

(~ Rs. 1,400 mn) and organic capex (~ Rs. 2,000 mn) have all been made through internal accruals

- Despite robust volume growth, capacity utilization during the peak month remained under 70%, providing significant scope for growth on existing investments

– ENDS –

About Varun Beverages Limited:

Varun Beverages Limited (VBL) 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, Diet Pepsi, Seven-Up, Mirinda Orange, Mirinda Lemon, Mountain Dew, Seven-Up Nimbooz Masala Soda, Sting and Evervess. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Frutz, Tropicana Juices (100%, Delight, Essentials), Nimbooz 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 21 States and two Union Territories in India. India is the largest market and contributed 76% of revenues from operations (net) in Fiscal 2017. VBL has also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe.

For further information, please contact:

Raj Gandhi / Deepak Dabas

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Safe Harbor

Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations. Varun Beverages Ltd (VBL) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.