



VARUN BEVERAGES LIMITED



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CIN No. : L74899DL1995PLC069839

May 5, 2020

To

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Email: corp.relations@bseindia.com Security Code: 540180	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
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Sub: Regulation 30: Press Release

Dear Sir/Madam,

Please find attached herewith a copy of the Proposed Press Release to be issued by the Company.

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



Varun Beverages' Q1 2020 Financial Results

Revenue grows 23.3% YoY to Rs. 16,764 million

EBITDA increases 24.2% YoY to Rs. 2,712 million

PAT increases 50.0% YoY to Rs. 601 million

Gurgaon, May 5th, 2020: Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, announced its financial results for the first quarter ended March 31, 2020.

Financial Performance Highlights*

Performance Review for Q1 2020 vs. Q1 2019

- Revenue from operations (net of excise / GST) grew 23.3% YoY to Rs. 16,764 million as compared to Rs. 13,592 million
 - Total sales volumes were up 26.2% YoY at 114.0 million-unit cases in Q1 2020 as compared to 90.3 million-unit cases in Q1 2019
- EBITDA increased by 24.2% to Rs. 2,711.6 million in Q1 2020 from Rs. 2,183.8 million in Q1 2019
- PAT increased by 50.0% to Rs. 600.6 million in Q1 2020 from Rs. 400.4 million in Q1 2019

**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 profits are realized in the Apr-June quarter

Key Developments

COVID-19 update

- *The Company is taking all recommended precautions in its operations against the spread of COVID-19, which includes sanitization, closure of corporate office and its plants, following all government directions on the subject and duration of the same shall depend on the Government Policy in this regard.*
- *Organic volumes for the company got severely impacted in the last 10 days of March due to the spread of COVID-19 and the subsequent lockdown restrictions. As per the relaxations provided by the Govt. of India for essential services and particularly packaged food and beverages, VBL has got the permissions from respective State Governments to operate its certain production facilities.*
- *The Company has been able to sell its complete inventory of finished goods that was built up in the month of March in anticipation of the upcoming season. Moreover, the Company has also*

operated few of its production facilities in April as the demand scenario is improving with the relaxation in the lockdown

- The Company has not availed moratorium for its debt repayments and has been timely servicing all its debt obligations

Introduction of new corporate tax rates:

- On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAB in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions
- The Company has made an assessment of the impact of Ordinance and decided to continue with the existing tax structure until utilization of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available
- In accordance with the Ind AS 12 "Income Taxes", the Company is also required to re-measure its deferred tax balances, for amounts that are expected to reverse in future when the Company would migrate to the new tax regime. The Company has re-measured its outstanding deferred tax balances and written back an amount of Rs. 731.85 mn to the Statement of Profit and Loss.

Exceptional items – Impairment of plant and equipment:

- The exceptional items amounting to Rs. 665.29 mn for the current quarter represents provision for impairment in the value of certain plant and equipment, glass bottles & plastic shells

Commenting on the performance for Q1 2020 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,

"We started the new fiscal year on a strong note with healthy demand and robust volume growth across our domestic and International markets. This enabled us to deliver a topline growth of 23.3%, EBITDA growth of 24.2%, and PAT growth of 50.0% during the quarter. In the last 10 days of March, a country-wide lockdown and similar restrictions in many of our international geographies moderated our performance for the period which would have otherwise been even better.

Worldwide economies are facing an unprecedented situation due to the COVID-19 pandemic. In this environment, our primary focus is towards undertaking all necessary measures to shore up cash flows, ensure safety of our employees, business partners, communities, and to overall safeguard the interests of all our stakeholders. We are also very encouraged that VBL has a healthy balance sheet and strong financial status, which most certainly should see us through these disorderly times.

While we are currently witnessing curtailed demand both in India and in our international geographies as a result of the ongoing macro-situation, we believe, in the near-term there should be a gradual bounce back in volumes. This will be enabled by easing of lockdown restrictions and restoration of consumer sentiment as they will once again have normal access to beverage purchases. Given the increasing demand that we witnessed for all our products prior to the lockdown, we are confident that once things stabilize, we will once again see encouraging growth and we will further strengthen our position as the leading player in the beverage industry."

– 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, Evervess, Sting, Gatorade and Slice Fizzy Drinks. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Frutz, Tropicana Juices (100%, Delight, Essentials), Nimbooz, Ambient temperature value added dairy beverages 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 ~78% of revenues from operations (net) in Fiscal 2019. 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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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.