



# 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

February 16, 2018

To,

|  |   |
|--|---|
| BSE Limited<br>Corporate Relationship Department,<br>1 <sup>st</sup> Floor, New Trading Ring,<br>Rotunda Building, P J Towers, Dalal Street,<br>Fort, Mumbai – 400 001<br>022-2272 3121, 2037, 2061<br><a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a><br><br><b>Security Code No. 540180</b> | National Stock Exchange of India Ltd.<br>Exchange Plaza, 5 <sup>th</sup> floor, Plot No. C/1, G<br>Block, Bandra Kurla Complex, Bandra (E),<br>Mumbai – 400 051<br># 022-2659 8237, 8238, 8347, 8348<br><a href="mailto:cmllist@nse.co.in">cmllist@nse.co.in</a><br><br><b>Symbol : VBL</b><br><b>Series : EQ</b> |
|--|---|

- Subject :**
- 1. Regulation 30 : Outcome of the Board Meeting and disclosure of material events under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;**
  - 2. Regulations 33: Audited Financial Results of the Company, both on Standalone and Consolidated basis, for the Financial Year ended December 31, 2017.**

Dear Sir/Madam,

The Board of Directors at their meeting held today (started at 11.30 a.m. and concluded at 12.15 p.m.) considered and approved:

1. Audited, Standalone and Consolidated, Financial Results of the Company for the Financial Year ended December 31, 2017 (Copy of the same along-with Audit Report issued by M/s. Walker Chandiok & Associates, Chartered Accountants and M/s. APAS & Co., Chartered Accountants, Joint Statutory Auditors of the Company, with unmodified opinion are attached and the same are being uploaded on the website of the Company at [www.varunpepsi.com](http://www.varunpepsi.com));

In view of Regulation 33 of the SEBI (LODR) Regulations, 2015, it may be noted that the Company shall submit the Consolidated Financial Results during Financial Year 2018 and shall comply with the requirement given under Regulation 33 of the SEBI (LODR) Regulations, 2015.

2. Appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, (Firm Registration Number 001076N/N500013) as Joint Statutory Auditors of the Company to hold office for a period of up to 5 (five) consecutive years from the conclusion of the ensuing Annual General Meeting (AGM) of the Company, subject to the approval of shareholders and ratification in every Annual General Meeting of the Company;
3. Re-appointment of M/s Sanjay Grover & Associates, Company Secretaries as Secretarial Auditors of the Company for the Financial Year 2018;





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4. Re-appointment of M/s. O.P. Bagla & Co., Chartered Accountants as an Internal Auditors of the Company for the Financial Year 2018;
5. Alteration of Memorandum and Article of Association of the Company (subject to the approval of shareholders of the Company) to align it with the provisions of the Companies Act, 2013;
6. Re-appointment of Mr. Pradeep Sardana (DIN: 00682961) as an Independent Director on the Board of the Company for a second term of up to 5 (Five) Years with effect from March 28, 2018, subject to approval of the shareholders of the Company. Brief profile of Mr. Pradeep Sardana is enclosed as Annexure - 1; and
7. Appointment of Ms. Sita Khosla (DIN: 01001803) as an Independent Director on the Board of Directors of the Company for a period of up to 5 (Five) Years with effect from February 16, 2018, subject to approval of the shareholders of the Company. Brief profile of Ms. Sita Khosla is enclosed as Annexure - 2.

It may further be noted that Varun Beverages (Zimbabwe) (Private) Limited, a subsidiary of the Company has established a greenfield production facility in Zimbabwe for selling Pepsico's products. Commercial production / operation will commence soon.

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 LIMITED

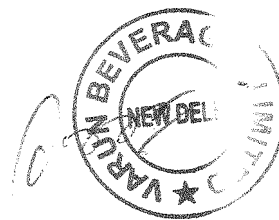


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Annexure - 1

## Brief Profile of Mr. Pradeep Sardana

1. **CEO of PM consulting:**
  - a. Working as an independent consultant in areas of operations, supply chain and related areas in foods, chemicals, Engineering, Beverages, FMCG and other industries.
  - b. Participated in several projects with an international consulting company focussed on power & fuel and plant operations
2. **Polyplex Hydro group 2009 to 2010:** COO for setting up micro and mini hydro electric plants.
3. **Pepsi India 1990 to 2009**
  - a. VP and Executive director operations from 2001 to 2009. During his stint:
    - i. Doubled glass bottling capacity in 10 months year by addition of 19 lines.
    - ii. Developed models for Low cost lines for Bottled water, Bulk water, single serve PET and hot fill PET: Allowed company to expand aggressively at a time when capex was severely restricted.
    - iii. Built high speed integrated PET bottling lines for bottled water, carbonated beverages and Hot filled juice drinks.
  - b. Worked on sustainability in 2007 to reduce water consumption, harvest rain water, reduce use of process chemicals and improve quantity and quality of effluents. In 3 years, the plants saved nearly 3 billion Lt of water and reduced nearly a million Kg of chemicals to help clean the waste water.
  - c. Focus on Energy sustainability done by use of renewable energy and reuse/recycle energy. A wind turbine of 1.65MW in south, retrofit boilers to use biomass & reduce carbon footprint and reducing costs substantially.
4. **Hindustan Lever Limited** from 1979 to 1990: worked in several positions in Projects, machine building and maintenance.
5. **Union Carbide 1970-79.**
  - a. Various assignments: special purpose machine building for battery packing equipment.
  - b. Project engineering in Electrolytic Manganese plant.
6. **B. Tech IIT Delhi mechanical engineering 1970.**





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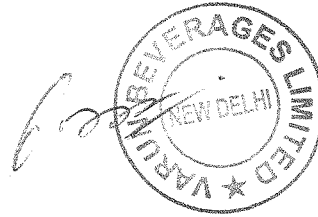
Annexure - 2

## Brief Profile of Ms. Sita Khosla

Ms. Sita Khosla (DIN: 01001803) holds a Bachelor degree from St. Stephen College and LLB from the Faculty of Law, University of Delhi and is enrolled with the Bar Council of Delhi. She practices in the areas of corporate, contract and commercial laws since 1992. Ms. Sita Khosla has been involved in providing advice on a wide range of issues from company formation, corporate governance and regulatory compliance to mergers and acquisitions, corporate restructuring, joint ventures, foreign investments, exchange control regulations and securities laws.

She has acted as India legal advisor to major players in the civil aviation sector including international commercial airlines, MRO organizations and ground handling operators in respect of their operations in India.

Ms. Sita Khosla's transactional experience has included work in a variety of business sectors such as aviation, publishing, retail, e commerce, ITES, manufacturing, heavy machinery, tele- com, real estate, financial services, food and beverages and oil and gas, where she has acted both for the buy side as well as the sell side. She has acted for international private equity funds as well as strategic investors in relation to their investments in India, and has also advised investee companies on a spectrum of issues including transaction structuring, exchange control laws, and a variety of sector specific laws. She has also advised banks and NBFCs in relation to their operations including acquisition of debt portfolios. Ms. Sita Khosla is not related to any director of the Company.





## VARUN BEVERAGES LIMITED

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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-122022 (Haryana)

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

### Statement of consolidated assets and liabilities

|  | ₹ in million, except as stated otherwise |  |
|--|--|--|
|  | As at<br>31 December 2017<br>(Audited)   | As at<br>31 December 2016<br>(Audited) |
| <b>Assets</b>                              |  |  |
| <b>Non-current assets</b>                  |  |  |
| (a) Property, plant and equipment          | 35,411.66                                | 33,558.49                              |
| (b) Capital work-in-progress               | 1,454.38                                 | 955.78                                 |
| (c) Goodwill                               | 19.40                                    | -                                      |
| (d) Other intangible assets                | 4,374.15                                 | 3,596.46                               |
| (e) Investment in associates               | 82.23                                    | 68.73                                  |
| (f) Financial assets                       |  |  |
| (i) Investments                            | 0.04                                     | 0.01                                   |
| (ii) Loans                                 | 192.19                                   | 163.19                                 |
| (iii) Others                               | 8.96                                     | 8.47                                   |
| (g) Deferred tax assets (Net)              | 80.04                                    | 68.35                                  |
| (h) Other non-current assets               | 1,525.85                                 | 1,367.45                               |
| <b>Total non-current assets (A)</b>        | <b>43,148.90</b>                         | <b>39,786.93</b>                       |
| <b>Current assets</b>                      |  |  |
| (a) Inventories                            | 4,388.94                                 | 4,899.26                               |
| (b) Financial assets                       |  |  |
| (i) Trade receivables                      | 1,502.45                                 | 1,313.45                               |
| (ii) Cash and cash equivalents             | 649.46                                   | 325.00                                 |
| (iii) Bank balances other than (ii) above  | 295.14                                   | 332.02                                 |
| (iv) Others                                | 933.63                                   | 204.45                                 |
| (c) Current tax assets (Net)               | 0.13                                     | 0.07                                   |
| (d) Other current assets                   | 1,532.48                                 | 1,451.39                               |
| <b>Total current assets (B)</b>            | <b>9,302.23</b>                          | <b>8,525.64</b>                        |
| Assets classified as held for sale (C)     | 384.95                                   | -                                      |
| <b>Total assets (A+B+C)</b>                | <b>52,836.08</b>                         | <b>48,312.57</b>                       |
| <b>Equity and liabilities</b>              |  |  |
| <b>Equity</b>                              |  |  |
| (a) Equity share capital                   | 1,825.87                                 | 1,823.13                               |
| (b) Other equity                           | 15,868.41                                | 15,112.82                              |
| (c) Non-controlling interest               | (14.32)                                  | (129.06)                               |
| <b>Total equity (A)</b>                    | <b>17,679.96</b>                         | <b>16,806.89</b>                       |
| <b>Liabilities</b>                         |  |  |
| <b>Non-current liabilities</b>             |  |  |
| (a) Financial liabilities                  |  |  |
| (i) Borrowings                             | 16,869.95                                | 12,183.61                              |
| (ii) Other financial liabilities           | 45.98                                    | 12.24                                  |
| (b) Provisions                             | 732.64                                   | 605.88                                 |
| (c) Deferred tax liabilities (Net)         | 1,501.51                                 | 1,286.39                               |
| (d) Other non-current liabilities          | 73.83                                    | 142.23                                 |
| <b>Total non-current liabilities (B)</b>   | <b>19,223.91</b>                         | <b>14,230.35</b>                       |
| <b>Current liabilities</b>                 |  |  |
| (a) Financial liabilities                  |  |  |
| (i) Borrowings                             | 3,533.65                                 | 4,111.29                               |
| (ii) Trade payables                        | 1,909.46                                 | 2,745.90                               |
| (iii) Other financial liabilities          | 8,781.33                                 | 8,344.68                               |
| (b) Other current liabilities              | 1,471.92                                 | 1,848.32                               |
| (c) Provisions                             | 167.50                                   | 135.20                                 |
| (d) Current tax liabilities (net)          | 68.35                                    | 89.94                                  |
| <b>Total current liabilities (C)</b>       | <b>15,932.21</b>                         | <b>17,275.33</b>                       |
| <b>Total liabilities (B+C)</b>             | <b>35,156.12</b>                         | <b>31,505.68</b>                       |
| <b>Total Equity and Liabilities(A+B+C)</b> | <b>52,836.08</b>                         | <b>48,312.57</b>                       |

See accompanying notes

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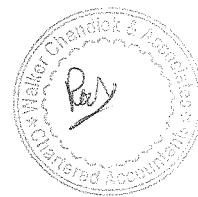
### Statement of standalone assets and liabilities

₹ in million, except as stated otherwise

|   | As at<br>31 December 2017<br>(Audited) | As at<br>31 December 2016<br>(Audited) |
|---|--|--|
| <b>Assets</b>                                 |  |  |
| <b>Non-current assets</b>                     |  |  |
| (a) Property, plant and equipment             | 28,404.80                              | 26,351.55                              |
| (b) Capital work-in-progress                  | 119.69                                 | 689.37                                 |
| (c) Goodwill                                  | 19.40                                  | -                                      |
| (d) Other intangible assets                   | 4,355.84                               | 3,563.77                               |
| (e) Investment in subsidiaries and associates | 6,271.89                               | 5,005.32                               |
| (f) Financial assets                          |  |  |
| (i) Investments                               | 0.04                                   | 0.01                                   |
| (ii) Loans                                    | 6,024.90                               | 4,307.67                               |
| (iii) Others                                  | 8.96                                   | 8.47                                   |
| (g) Other non-current assets                  | 559.34                                 | 508.41                                 |
| <b>Total non-current assets (A)</b>           | <b>45,764.86</b>                       | <b>40,434.57</b>                       |
| <b>Current assets</b>                         |  |  |
| (a) Inventories                               | 3,156.70                               | 3,599.71                               |
| (b) Financial assets                          |  |  |
| (i) Trade receivables                         | 946.90                                 | 471.44                                 |
| (ii) Cash and cash equivalents                | 312.64                                 | 148.65                                 |
| (iii) Bank balances other than (ii) above     | 0.06                                   | 0.74                                   |
| (iv) Others                                   | 1,373.56                               | 357.99                                 |
| (c) Other current assets                      | 959.74                                 | 983.29                                 |
| <b>Total current assets (B)</b>               | <b>6,749.60</b>                        | <b>5,561.82</b>                        |
| Assets classified as held for sale (C)        | 471.01                                 | -                                      |
| <b>Total assets (A+B+C)</b>                   | <b>52,985.47</b>                       | <b>45,996.39</b>                       |
| <b>Equity and liabilities</b>                 |  |  |
| <b>Equity</b>                                 |  |  |
| (a) Equity share capital                      | 1,825.87                               | 1,823.13                               |
| (b) Other equity                              | 21,142.14                              | 19,544.24                              |
| <b>Total equity (A)</b>                       | <b>22,968.01</b>                       | <b>21,367.37</b>                       |
| <b>Liabilities</b>                            |  |  |
| <b>Non-current liabilities</b>                |  |  |
| (a) Financial liabilities                     |  |  |
| (i) Borrowings                                | 16,017.84                              | 11,231.27                              |
| (ii) Other financial liabilities              | 45.98                                  | 12.24                                  |
| (b) Provisions                                | 658.54                                 | 539.46                                 |
| (c) Deferred tax liabilities (Net)            | 1,551.51                               | 1,314.64                               |
| <b>Total non-current liabilities (B)</b>      | <b>18,273.87</b>                       | <b>13,097.61</b>                       |
| <b>Current liabilities</b>                    |  |  |
| (a) Financial liabilities                     |  |  |
| (i) Borrowings                                | 1,925.88                               | 1,482.55                               |
| (ii) Trade payables                           | 838.32                                 | 1,444.11                               |
| (iii) Other financial liabilities             | 7,531.81                               | 6,763.67                               |
| (b) Other current liabilities                 | 1,240.98                               | 1,627.15                               |
| (c) Provisions                                | 155.45                                 | 128.04                                 |
| (d) Current tax liabilities (net)             | 51.15                                  | 85.89                                  |
| <b>Total current liabilities (C)</b>          | <b>11,743.59</b>                       | <b>11,531.41</b>                       |
| <b>Total liabilities (B+C)</b>                | <b>30,017.46</b>                       | <b>24,629.02</b>                       |
| <b>Total Equity and Liabilities(A+B+C)</b>    | <b>52,985.47</b>                       | <b>45,996.39</b>                       |

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### Statement of consolidated financial results for the quarter and year ended on 31 December 2017

₹ in million, except as stated otherwise

| Particulars  | Three months ended on            | Three months ended on            | Three months ended on            | Year ended on                 | Year ended on                 |
|--|----------------------------------|----------------------------------|----------------------------------|-------------------------------|-------------------------------|
|  | 31 December 2017<br>(See note 4) | 30 September 2017<br>(Unaudited) | 31 December 2016<br>(See note 4) | 31 December 2017<br>(Audited) | 31 December 2016<br>(Audited) |
| <b>1. Income</b>   |                                  |                                  |                                  |                               |                               |
| (a) Revenue from operations  | 5,433.22                         | 9,880.20                         | 4,878.43                         | 45,162.36                     | 45,314.61                     |
| (b) Other income   | 16.84                            | 28.92                            | 16.86                            | 126.53                        | 357.33                        |
| <b>Total income</b>  | <b>5,450.06</b>                  | <b>9,909.12</b>                  | <b>4,895.29</b>                  | <b>45,288.89</b>              | <b>45,671.94</b>              |
| <b>2. Expenses</b>   |                                  |                                  |                                  |                               |                               |
| (a) Cost of materials consumed   | 2,485.05                         | 4,003.81                         | 1,880.93                         | 18,555.09                     | 16,768.99                     |
| (b) Excise duty  | 159.63                           | 245.72                           | 535.99                           | 5,128.37                      | 6,702.78                      |
| (c) Purchases of stock-in-trade  | 62.18                            | 34.64                            | 144.88                           | 277.69                        | 928.39                        |
| (d) Changes in inventories of finished goods, stock-in-trade and work-in-progress              | (629.50)                         | 313.79                           | (270.94)                         | (732.22)                      | (318.55)                      |
| (e) Employee benefits expense  | 1,157.68                         | 1,199.60                         | 1,034.97                         | 4,628.44                      | 4,210.30                      |
| (f) Finance costs  | 526.16                           | 516.11                           | 1,008.67                         | 2,121.75                      | 4,325.35                      |
| (g) Depreciation and amortisation expense  | 880.05                           | 878.51                           | 800.37                           | 3,466.41                      | 3,222.08                      |
| (h) Other expenses   | 1,973.44                         | 2,228.33                         | 1,290.66                         | 8,947.32                      | 9,063.03                      |
| <b>Total expenses</b>  | <b>6,614.69</b>                  | <b>9,420.51</b>                  | <b>6,425.53</b>                  | <b>42,392.85</b>              | <b>44,902.37</b>              |
| <b>3. (Loss)/profit before tax and share of profit in associate (1-2)</b>                      | <b>(1,164.63)</b>                | <b>488.61</b>                    | <b>(1,530.24)</b>                | <b>2,896.04</b>               | <b>769.57</b>                 |
| 4. Share of profit in associate  | 4.60                             | 0.97                             | 5.83                             | 13.50                         | 23.78                         |
| <b>5. (Loss)/profit before tax (3+4)</b>   | <b>(1,160.03)</b>                | <b>489.58</b>                    | <b>(1,524.41)</b>                | <b>2,909.54</b>               | <b>793.35</b>                 |
| 6. Tax expense:  |                                  |                                  |                                  |                               |                               |
| (a) Current tax  | (525.27)                         | 234.03                           | (407.45)                         | 547.85                        | 442.30                        |
| (b) Adjustment of tax relating to earlier periods  | 1.60                             | -                                | (2.80)                           | 1.60                          | (2.80)                        |
| (c) Deferred tax   | 84.93                            | (81.55)                          | 2.41                             | 219.50                        | (126.54)                      |
| <b>Total tax expense</b>   | <b>(438.74)</b>                  | <b>152.48</b>                    | <b>(407.84)</b>                  | <b>768.95</b>                 | <b>312.96</b>                 |
| <b>7. Net (loss)/profit for the period (5-6)</b>   | <b>(721.29)</b>                  | <b>337.10</b>                    | <b>(1,116.57)</b>                | <b>2,140.59</b>               | <b>480.39</b>                 |
| 8. Other comprehensive income  |                                  |                                  |                                  |                               |                               |
| A Items that will not be reclassified to profit or loss  | (5.19)                           | 47.41                            | 16.94                            | 10.83                         | (52.31)                       |
| B Income tax relating to items that will not be reclassified to profit or loss                 | 2.75                             | (17.80)                          | (6.79)                           | (3.39)                        | 17.96                         |
| C Items that will be reclassified to profit or loss  | 37.26                            | (41.53)                          | (24.03)                          | (94.27)                       | (122.43)                      |
| D Income tax relating to items that will be reclassified to profit or loss                     | (8.60)                           | 9.58                             | 5.55                             | 21.75                         | 28.25                         |
| <b>Total other comprehensive income</b>  | <b>26.22</b>                     | <b>(2.34)</b>                    | <b>(8.33)</b>                    | <b>(65.08)</b>                | <b>(128.53)</b>               |
| <b>9. Total comprehensive income for the period (including non-controlling interest) (7+8)</b> | <b>(695.07)</b>                  | <b>334.76</b>                    | <b>(1,124.90)</b>                | <b>2,075.51</b>               | <b>351.86</b>                 |
| 10. Net profit attributable to:  |                                  |                                  |                                  |                               |                               |
| A Owners   | (728.44)                         | 328.81                           | (1,192.20)                       | 2,101.54                      | 423.76                        |
| B Non-controlling interest   | 7.15                             | 8.29                             | 75.63                            | 39.05                         | 56.63                         |
| 11. Other comprehensive income attributable to:  |                                  |                                  |                                  |                               |                               |
| A Owners   | 26.22                            | (2.34)                           | (8.33)                           | (65.08)                       | (128.53)                      |
| B Non-controlling interest   | -                                | -                                | -                                | -                             | -                             |
| 12. Total comprehensive income attributable to:  |                                  |                                  |                                  |                               |                               |
| A Owners   | (702.22)                         | 326.47                           | (1,200.53)                       | 2,036.46                      | 295.23                        |
| B Non-controlling interest   | 7.15                             | 8.29                             | 75.63                            | 39.05                         | 56.63                         |
| 13. Paid-up equity share capital (face value of ₹ 10 each)                                     | 1,825.87                         | 1,825.84                         | 1,823.13                         | 1,825.87                      | 1,823.13                      |
| 14. Reserves excluding revaluation reserves  | -                                | -                                | -                                | 15,868.41                     | 15,112.82                     |
| 15. Earnings per share (of ₹ 10/- each) (not annualised):                                      |                                  |                                  |                                  |                               |                               |
| (a) Basic  | (3.99)                           | 1.80                             | (6.81)                           | 11.52                         | 2.92                          |
| (b) Diluted  | (3.99)                           | 1.80                             | (6.75)                           | 11.51                         | 2.51                          |

See accompanying notes

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PURPOSE ONLY





## VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC0698392

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 standalone financial results for the quarter and year ended on 31 December 2017

₹ in million, except as stated otherwise

| Particulars   | Three months ended on            | Three months ended on            | Three months ended on            | Year ended on                 | Year ended on                 |
|---|----------------------------------|----------------------------------|----------------------------------|-------------------------------|-------------------------------|
|   | 31 December 2017<br>(See note 4) | 30 September 2017<br>(Unaudited) | 31 December 2016<br>(See note 4) | 31 December 2017<br>(Audited) | 31 December 2016<br>(Audited) |
| <b>1. Income</b>  |                                  |                                  |                                  |                               |                               |
| (a) Revenue from operations   | 3,299.22                         | 6,686.60                         | 2,911.74                         | 34,905.58                     | 35,753.12                     |
| (b) Other income  | 2.72                             | 314.99                           | 296.59                           | 475.32                        | 509.21                        |
| <b>Total income</b>   | <b>3,301.94</b>                  | <b>7,001.59</b>                  | <b>3,208.33</b>                  | <b>35,380.90</b>              | <b>36,262.33</b>              |
| <b>2. Expenses</b>  |                                  |                                  |                                  |                               |                               |
| (a) Cost of materials consumed  | 1,760.13                         | 2,749.09                         | 1,084.45                         | 14,546.23                     | 13,023.62                     |
| (b) Excise duty   | -                                | -                                | 361.44                           | 4,281.07                      | 5,957.10                      |
| (c) Purchase of stock-in-trade  | 12.78                            | 8.60                             | 39.44                            | 158.91                        | 803.47                        |
| (d) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (561.68)                         | 209.76                           | (151.37)                         | (662.04)                      | (168.44)                      |
| (e) Employee benefits expense   | 781.16                           | 827.04                           | 702.35                           | 3,191.26                      | 2,800.65                      |
| (f) Finance costs   | 531.37                           | 470.00                           | 920.67                           | 1,917.14                      | 3,886.54                      |
| (g) Depreciation and amortisation expense   | 697.63                           | 691.91                           | 650.83                           | 2,736.42                      | 2,494.56                      |
| (h) Other expenses  | 1,236.72                         | 1,385.62                         | 945.23                           | 6,169.98                      | 6,322.73                      |
| <b>Total expenses</b>   | <b>4,458.11</b>                  | <b>6,342.02</b>                  | <b>4,553.04</b>                  | <b>32,338.97</b>              | <b>35,120.23</b>              |
| <b>3. (Loss)/profit before tax (1-2)</b>  | <b>(1,156.17)</b>                | <b>659.57</b>                    | <b>(1,344.71)</b>                | <b>3,041.93</b>               | <b>1,142.10</b>               |
| <b>4. Tax expense</b>   |                                  |                                  |                                  |                               |                               |
| (a) Current tax   | (543.96)                         | 206.94                           | (427.22)                         | 451.10                        | 359.86                        |
| (b) Adjustment of tax relating to earlier periods                                 | 1.37                             | -                                | (2.14)                           | 1.37                          | (2.14)                        |
| (c) Deferred tax  | 77.21                            | (48.80)                          | 5.42                             | 233.48                        | (110.59)                      |
| <b>Total tax expense</b>  | <b>(465.38)</b>                  | <b>158.14</b>                    | <b>(423.94)</b>                  | <b>685.95</b>                 | <b>247.13</b>                 |
| <b>5. Net (loss)/profit after tax (3 - 4)</b>                                     | <b>(690.79)</b>                  | <b>501.43</b>                    | <b>(920.77)</b>                  | <b>2,355.98</b>               | <b>894.97</b>                 |
| <b>6. Other comprehensive income</b>  |                                  |                                  |                                  |                               |                               |
| A. Items that will not be reclassified to profit or loss                          | (7.96)                           | 51.43                            | 21.93                            | 9.78                          | (51.88)                       |
| B. Income tax relating to items that will not be reclassified to profit or loss   | 2.75                             | (17.80)                          | (7.59)                           | (3.39)                        | 17.96                         |
| <b>Total other comprehensive income</b>   | <b>(5.21)</b>                    | <b>33.63</b>                     | <b>14.34</b>                     | <b>6.39</b>                   | <b>(33.92)</b>                |
| <b>7. Total comprehensive income for the period (5+6)</b>                         | <b>(696.00)</b>                  | <b>535.06</b>                    | <b>(906.43)</b>                  | <b>2,362.37</b>               | <b>861.05</b>                 |
| 8. Paid-up equity share capital (face value of ₹ 10 each)                         | 1,825.87                         | 1,825.84                         | 1,823.13                         | 1,825.87                      | 1,823.13                      |
| 9 Reserves excluding Revaluation Reserves   | -                                | -                                | -                                | 21,142.14                     | 19,544.24                     |
| 10 Earnings per share (of ₹ 10/- each) (not annualised):                          |                                  |                                  |                                  |                               |                               |
| (a) Basic   | (3.78)                           | 2.75                             | (5.26)                           | 12.91                         | 6.16                          |
| (b) Diluted   | (3.78)                           | 2.75                             | (5.21)                           | 12.91                         | 5.29                          |
| <b>See accompanying notes</b>   |                                  |                                  |                                  |                               |                               |

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PURPOSE ONLY







## VARUN BEVERAGES LIMITED

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(₹ in million, except otherwise stated)

### Notes:

1. These standalone and consolidated audited financial results for the quarter and year ended on 31 December 2017 and 31 December 2016, have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 16 February 2018.

2. Varun Beverages Limited ("VBL" or the "Company") follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

3. This statement of audited standalone and consolidated financial results for the quarter and year ended on 31 December 2017 is in compliance with Indian Accounting Standards ("Ind AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015 and specified in Section 133 of the Companies Act, 2013. The Company has transitioned to Ind AS from erstwhile Indian GAAP ("Previous GAAP") with effect from 01 January 2017 with transition date being 01 January 2016. The figures for the previous quarters/year have been restated accordingly.

4. The Statutory Auditors have audited the financial results for the year ended 31 December 2017. The figures for the last quarter are the balancing figures between audited figures in respect of full financial year ended on 31 December 2017 and published year to date figures upto the third quarter of said financial year which were subjected to limited review. The equity shares were listed on Bombay Stock Exchange and National Stock Exchange with effect from 08 November 2016. Accordingly, the Consolidated and Standalone financial results of the three months period ended 31 December 2016 presented have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that these standalone and consolidated financial results provide a true and fair view of its affairs.

5. The reconciliation of net profit and reserves as per previous GAAP and the total comprehensive income as per Ind AS is as per the table below:

| Particulars   | Profit reconciliation |                       |                  |                       |
|---|-----------------------|-----------------------|------------------|-----------------------|
|   | Consolidated          |                       | Standalone       |                       |
|   | Year to date          | Three months ended on | Year to date     | Three months ended on |
|   | 31 December 2016      | 31 December 2016      | 31 December 2016 | 31 December 2016      |
|   |                       | (See note 4)          |                  | (See note 4)          |
| Net profit as per Previous GAAP (after share of profit in associate)                            | 1,623.32              | (885.74)              | 1,867.34         | (688.42)              |
| <b>Effects of transition to Ind AS:</b>   |                       |                       |                  |                       |
| Effects of measuring financial liabilities at fair value through profit and loss/amortised cost | (2,170.20)            | (525.20)              | (2,132.36)       | (539.04)              |
| Effects of benefits recorded on government grants   | 74.46                 | 62.47                 | 74.46            | 62.47                 |
| Effects of measurement of financial assets at fair value through profit and loss/amortised cost | (0.03)                | -                     | 28.64            | 10.07                 |
| Actuarial gain on employee defined benefit plan recognised in other comprehensive income        | 52.31                 | (16.96)               | 51.88            | (21.95)               |
| Fair valuation of employee stock options  | 0.91                  | 0.96                  | 0.91             | 0.96                  |
| Effect of accounting of transaction costs on borrowings as per effective interest rate          | (7.05)                | (2.97)                | (3.21)           | (2.15)                |
| Effect of intangible assets with indefinite life  | 435.00                | 108.75                | 435.00           | 108.75                |
| Expected credit loss on financial assets  | (32.76)               | 5.16                  | (15.25)          | 7.83                  |
| Other impacts   | (10.72)               | 18.74                 | 72.41            | 17.48                 |
| Deferred tax impact   | 515.15                | 118.22                | 515.15           | 123.23                |
| <b>Net profit under Ind AS</b>  | <b>480.39</b>         | <b>(1,116.57)</b>     | <b>894.97</b>    | <b>(920.77)</b>       |
| Other comprehensive income (net of taxes)   | (128.53)              | (8.33)                | (33.92)          | 14.34                 |
| <b>Total Comprehensive Income under Ind AS as reported</b>                                      | <b>351.86</b>         | <b>(1,124.90)</b>     | <b>861.05</b>    | <b>(906.43)</b>       |

| Particulars  | Other equity reconciliation |                  |
|--|-----------------------------|------------------|
|  | Consolidated                | Standalone       |
|  | As at                       | As at            |
|  | 31 December 2016            | 31 December 2016 |
| Reserves as per Previous GAAP  | 17,115.54                   | 19,595.59        |
| <b>Effects of transition to Ind AS:</b>  |                             |                  |
| Effect of measuring financial instruments at fair value through profit and loss/amortised cost | (5,754.86)                  | (5,687.43)       |
| Effect of accounting of transaction costs on borrowings as per effective interest rate         | 32.10                       | (0.39)           |
| Expected credit losses on a financial asset  | (45.54)                     | (31.70)          |
| Effects of benefits recorded on government grants  | 146.11                      | 146.11           |
| Effect of intangible assets with indefinite life   | 435.00                      | 435.00           |
| Impact of business combinations  | (1,932.60)                  | -                |
| Securities premium reserve on conversion of financial instruments into equity                  | 3,355.80                    | 3,355.80         |
| Others   | 75.16                       | 73.40            |
| Applicable tax impact on the above   | 1,686.11                    | 1,657.86         |
|  | <b>(2,002.72)</b>           | <b>(51.36)</b>   |
| <b>Other equity under Ind AS</b>   | <b>15,112.82</b>            | <b>19,544.24</b> |

6. During the quarter and year ended on 31 December 2017, the paid up capital of the Company has increased by ₹ 0.30 and ₹ 2.74 (30,000 and 274,415 equity shares of ₹ 10 each) respectively, pursuant to exercise of stock options by employees.

7. The business activities of the Company, its subsidiaries and associates (together referred to as the "Group") predominantly fall within a single primary business segment viz manufacturing and sale of beverages. There is no separate reportable business segment. As part of secondary reporting for geographical segments, the Group operates in two principal geographical areas, i.e., in India, its home country, and other countries. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.

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(₹ in million, except otherwise stated)

### Notes [Cont'd]

#### 8. Acquisitions of businesses and manufacturing units:

a) During the year ended on 31 December 2017, the Company concluded the acquisition of PepsiCo India Holdings Private Limited's ("hereinafter PepsiCo India) previously franchised territories in the State of Odisha and parts of Madhya Pradesh along with two manufacturing units at Barghar and Bhopal from other franchisees, on a slump sale basis, for a derived enterprise value of ₹ 1,302.00 based upon independent valuation reports.

b) Subsequent to the year ended 31 December 2017, the Company has completed the acquisition of Chattisgarh territory for a consideration of ₹ 150.00, primarily to obtain franchise rights and other assets in the territory.

c) Subsequent to the year ended 31 December 2017, the Company has concluded acquisition of a manufacturing facility situated in Cuttack, Odisha along with certain specific assets for a total consideration of ₹ 437.50.

d) During December 2017, the Company executed agreements with a PepsiCo India franchisee to acquire franchisee rights for the State of Jharkhand, certain manufacturing facilities and other assets on slump sale basis for a total consideration of ₹ 653.62. The closing conditions for the acquisition have not been completed yet.

e) On 17 January 2018, the Board of Directors of the Company have approved acquisition of franchisee rights for the State of Bihar from PepsiCo India and subsequently, the Company has started trading operations.

9. 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 year ended 31 December 2017 are not strictly comparable. The following additional information is being provided to facilitate such understanding:

#### A. Group:

|  | Three months ended 31 December 2017<br>(See note 4) | Three months ended 31 December 2016<br>(See note 4) | Change        | Three months ended 30 September 2017 | Year ended 31 December 2017 | Year ended 31 December 2016 | Change       |
|--|---|---|---------------|--------------------------------------|-----------------------------|-----------------------------|--------------|
| Gross revenue from operations (A)        | 5,433.22  | 4,878.43  | 11.37%        | 9,880.20                             | 45,162.36                   | 45,314.61                   | -0.34%       |
| Excise duty (B)                          | 159.63*   | 535.99  | -70.22%       | 245.72*                              | 5,128.37                    | 6,702.78                    | -23.49%      |
| <b>Net revenue from operations (A-B)</b> | <b>5,273.59</b>                                     | <b>4,342.44</b>                                     | <b>21.44%</b> | <b>9,634.48</b>                      | <b>40,033.99</b>            | <b>38,611.83</b>            | <b>3.68%</b> |

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

#### B. Company:

|  | Three months ended 31 December 2017<br>(See note 4) | Three months ended 31 December 2016<br>(See note 4) | Change        | Three months ended 30 September 2017 | Year ended 31 December 2017 | Year ended 31 December 2016 | Change       |
|--|---|---|---------------|--------------------------------------|-----------------------------|-----------------------------|--------------|
| Gross revenue from operations (A)        | 3,299.22  | 2,911.74  | 13.31%        | 6,686.60                             | 34,905.58                   | 35,753.12                   | -2.37%       |
| Excise duty (B)                          | -   | 361.44  | -100.00%      | -                                    | 4,281.07                    | 5,957.10                    | -28.13%      |
| <b>Net revenue from operations (A-B)</b> | <b>3,299.22</b>                                     | <b>2,550.30</b>                                     | <b>29.37%</b> | <b>6,686.60</b>                      | <b>30,624.51</b>            | <b>29,796.02</b>            | <b>2.78%</b> |

10. During the year ended 31 December 2017, the Company sold forty-one percent quota capital of Varun Beverages Mozambique Limitada ("VBML") for a consideration of ₹ 0.11 million thereby decreasing the stake to 10%. The above consolidated financial results include revenue from operations- ₹ 25.60 million (corresponding year ended 31 December 2016 ₹ 237.40 million) and net loss of ₹ 40.73 million (corresponding year ended 31 December 2016 ₹ loss of 135.07 million) of VBML upto the date of reduction in controlling interest, i.e., 02 March 2017.

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

Raj P. Gandhi  
Whole Time Director

Place : Gurugram  
Dated : 16 February 2018



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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 year ended 31 December 2017:

₹ in million, except as stated otherwise

| Particulars  | 3,000 Secured Rated, Listed, Redeemable NCDs of ₹ 1,000,000 each   |
|--|--|
| a) Credit rating   | Crisil AA-/Stable  |
| b) Assets cover  | Not less than 1.30 times   |
| c) Debt-equity ratio   | 1.05   |
| d) Previous due date for the payment of interest/ repayment of principal of non-convertible debt securities and whether the same has been paid or not; | No repayment of principal is not yet due. The interest was repayable on 31 January 2018 and is duly paid.  |
| e) Next due date for the payment of interest/ principal along with the amount of interest payable and the redemption amount;                           | Interest is payable monthly and next due date is 28 February 2018. The amount of interest payable is ₹ 17.72 million. First redemption/repayment of principal (10%) i.e. ₹ 300 million is due on 30 June 2019. |
| f) Debt service coverage ratio (DSCR) (No of times)  | 1.46   |
| g) Interest service coverage ratio (ISCR) (No of times)  | 4.01   |
| h) Debenture redemption reserve  | 159.17   |
| i) Net worth   | 22,968.01  |
| j) Net profit after tax  | 2,355.98   |
| k) Earnings per share (EPS) (annualized) ₹   |  |
| Basic  | 12.91  |
| Diluted  | 12.91  |
| l) Security on outstanding debenture of ₹ 3,000 million (face value of NCDs)   | Pari passu charge on the fixed asset providing a security cover of 1.3 x   |

**Note:** Debt service coverage ratio has been calculated as (Profit after tax but before interest and depreciation) / (Interest + current maturities of long-term debts), Interest service coverage ratio has been calculated as (Profit before interest, depreciation and tax) / (interest) and Debt equity ratio has been calculated as (Total borrowings) / (Equity). The ratios have been calculated on the basis of Ind AS standalone financials of the Company.

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

Raj P. Gandhi  
Whole Time Director

Place : Gurugram

Dated : 16 February 2018

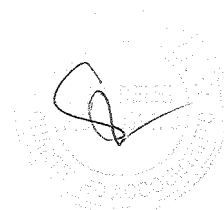
**Independent Auditor's Report on Consolidated Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To the Board of Directors of Varun Beverages Limited**

1. We have audited the accompanying statement of consolidated financial results (the "Statement") of Varun Beverages Limited (the Company) and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group') and its associates for the year ended 31 December 2017, being submitted by the Holding Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 4 to the Statement regarding the figures for the quarter ended 31 December 2017 as reported in the Statement, which are the balancing figures between audited consolidated figures in respect of the full financial year and the published consolidated year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit. The Statement is based on the consolidated financial statements for the year ended 31 December 2017 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and published consolidated year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting, specified under Section 133 of the Act, and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on the Statement based on our audit of the consolidated financial statements for the year ended 31 December 2017 and our review of consolidated financial results for the nine months period ended 30 September 2017.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate financial results and on other financial information of the subsidiaries and associates, the Statement:
  - (i) includes the financial results for the year ended 31 December 2017, of the following entities:

**Subsidiaries**

- a. Varun Beverages (Nepal) Private Limited
- b. Varun Beverages Lanka (Private) Limited
- c. Varun Beverages Morocco SA
- d. Ole Spring Bottlers (Private) Limited
- e. Varun Beverages (Zambia) Private Limited (w.e.f. 01 January 2016)
- f. Varun Beverages Mozambique Limitada (for the period 01 January 2016 to 02 March 2017)
- g. Varun Beverages (Zimbabwe) (Private) Limited (w.e.f. 01 January 2016)



**Independent Auditor's Report on Consolidated Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Cont'd)**

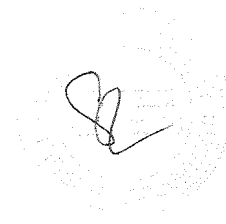
**Associates**

- a. Angelica Technologies Private Limited
- b. Lunarmech Technologies Private Limited

- (ii) are presented in accordance with the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard; and
  - (iii) give a true and fair view of the consolidated net profit (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended 31 December 2017.
4. We did not audit the financial statements of seven subsidiaries included in the Statement whose financial statements reflect total assets of ₹ 13,007.42 million and net assets of ₹ 793.36 million as at 31 December 2017, and total revenues of ₹ 11,653.25 million for the year ended on that date. The Statement also includes the Group's share of net profit (including other comprehensive income) of ₹ 13.50 million for the year ended 31 December 2017, as considered in the Statement, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, in so far as it relates to the aforesaid subsidiaries and associates, are based solely on the reports of such other auditors.

Our opinion on the Statement is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

5. The Holding Company had prepared separate consolidated financial results for the year ended 31 December 2016, based on the consolidated financial statements for the year ended 31 December 2016 prepared in accordance with Accounting Standards ('AS') prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and SEBI Circular CIR/CFD/CMD/15/2015 dated 30 November 2015, and other accounting principles generally accepted in India, which were audited jointly by Walker Chandiook & Associates, Chartered Accountants and O.P. Bagla & Co., Chartered Accountants who expressed an unmodified opinion vide audit report dated 20 February 2017. The standalone financial results of the Holding Company and the consolidated financial results for the year ended 31 December 2016 have been adjusted for the differences in the accounting principles adopted by the Holding Company on transition to Ind AS, which have been audited jointly by Walker Chandiook & Associates, Chartered Accountants and APAS & Co., Chartered Accountants and by other auditors in case of the standalone financial results of the seven subsidiaries and two associates whose reports have been furnished to us by the management and our opinion on the consolidated financial results, in so far it related to the amounts and disclosures included in respect of these subsidiaries and associates are based solely on the reports of such other auditors. Our opinion is not modified in respect of this matter.

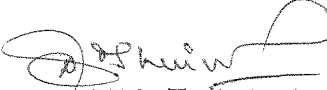


**Independent Auditor's Report on Consolidated Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Cont'd)**


6. The consolidated financial results for the corresponding quarter ended 31 December 2016, including the reconciliation of net profit under Ind AS of the said period with net profit reported under previous GAAP, as included in the Statement are based on the management certified accounts and have not been subjected to any review or audit (Also refer note 4 to the Statement). Our opinion is not modified in respect of this matter.

  
For **Walker Chandiook & Associates**  
Chartered Accountants  
Firm Registration No: 001329N

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

  
per **Nitin Toshniwal**  
Partner  
Membership No. 507568



  
per **Sumit Kathuria**  
Partner  
Membership No. 520078



Place: Gurugram  
Date: 16 February 2018

Place: Gurugram  
Date: 16 February 2018

L-41 Connaught Place,  
New Delhi 110 001

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

**Independent Auditor's Report on Standalone Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**To the Board of Directors of Varun Beverages Limited**

1. We have audited the accompanying statement of standalone financial results (the 'Statement') of Varun Beverages Limited ('the Company') for the year ended 31 December 2017, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 4 to the Statement regarding the figures for the quarter ended 31 December 2017 as reported in the Statement, which are the balancing figures between audited standalone figures in respect of the full financial year and the published standalone year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit. The Statement is based on the standalone financial statements for the year ended 31 December 2017 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and published standalone year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting, specified under Section 133 of the Act, and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Company's management. Our responsibility is to express an opinion on the Statement based on our audit of the standalone financial statements for the year ended 31 December 2017 and our review of standalone financial results for the nine months period ended 30 September 2017.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, this Statement:
  - (i) is presented in accordance with the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard; and
  - (ii) gives a true and fair view of the standalone net profit (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended 31 December 2017.
4. The Company had prepared separate standalone financial results for the year ended 31 December 2016, based on the standalone financial statements for the year ended 31 December 2016 prepared in accordance with Accounting Standards ('AS') prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and SEBI Circular CIR/CFD/CMD/15/2015 dated 30 November 2015, and other accounting principles generally accepted in India, which were audited jointly by Walker Chandiook & Associates, Chartered Accountants and O.P. Bagla & Co., Chartered Accountants who expressed an unmodified opinion vide audit report dated 20 February 2017. These standalone financial results for the year ended 31 December 2016 have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited jointly by Walker Chandiook & Associates, Chartered Accountants and APAS & Co., Chartered Accountants. Our opinion is not modified in respect of this matter.

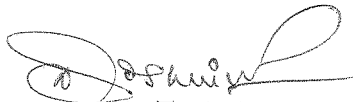


**Independent Auditor's Report on Standalone Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Cont'd)**


5. The standalone financial results for the corresponding quarter ended 31 December 2016, including the reconciliation of net profit under Ind AS of the said period with net profit reported under previous GAAP, as included in the Statement are based on the management certified accounts and have not been subjected to any review or audit (Also refer note 4 to the Statement). Our opinion is not modified in respect of this matter.

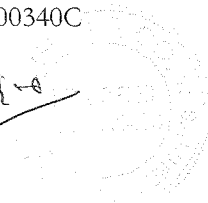
*Walker Chandiook & Associates*  
For **Walker Chandiook & Associates**  
Chartered Accountants  
Firm Registration No: 001329N

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

  
per **Nitin Toshniwal**  
Partner  
Membership No. 507568



  
per **Sumit Kathuria**  
Partner  
Membership No. 520078



Place: Gurugram  
Date: 16 February 2018

Place: Gurugram  
Date: 16 February 2018

L-41 Connaught Place,  
New Delhi 110 001

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





ATSL/DEL/2017-18/1427  
February 16, 2018

**Varun Beverages Limited**  
Plot No. 31, Institutional Area,  
Sector-44, Gurgaon- 122002

**Sub: Letter of Debenture Trustee pursuant to Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) 2015**

Dear Sir/Madam,

This has reference to the Privately Placed, Secured, Redeemable, Non- Convertible Debentures issued by Varun Beverages Limited ("Company") and listed on the National Stock Exchange of India Limited ("**Listed Debt Securities**").

Pursuant to Regulation 52(4) read with Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) 2015, the Company is required to submit its half yearly/annual financial results to the Stock Exchange, with a letter of the Debenture Trustee (Axis Trustee Services Limited) that the Debenture Trustee has noted the contents furnished by the Company as per Regulation 52(4).

In pursuance thereof, we hereby confirm that we have received the said aforesaid information vide your letter dated February 16, 2018 (enclosed herewith), along with the relevant/necessary supporting and we have noted the contents in respect of the Listed Debt Securities issued by the Company.

Further please note that we have not independently verified the contents submitted vide your above letter and the aforesaid noting is subject to the following:

1. The Debenture Trustee is relying on the information/ status as submitted by the Company for the purpose of submission to the Stock Exchange; without reconfirming; &
2. Any commitment pertaining to the Interest/ Principal payable on the future due dates are sole commitment on the Company's part and Trustee is not liable in any manner if Company fails to fulfil/ does not fulfil its commitment.

Thanking You,

Yours Faithfully  
For **Axis Trustee Services Limited**  
(Debenture Trustee)

  
Naveen Kumar  
**Assistant General Manager**

Encl: As Stated



# 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

To,

February 16, 2018

Axis Trusteeship Services Limited/  
National Stock Exchange of India Ltd.

**Subject: Furnishing of Information for the Half Year and Year ended December 31, 2017 in terms of Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/ Madam,

Pursuant to the applicable Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we do hereby furnish the information for the half year and year ended December 31, 2017, in the below format:-



in Millions, except as stated otherwise

| Particulars  | 3000 Secured, Rated, Listed, Redeemable NCD's of Rs. 1000,000/- each having ISIN INE200M07044   |
|--|---|
| (a) Credit rating and change in credit rating (if any);  | CRISIL AA-/Stable   |
| (b) Asset cover available, in case of non-convertible debt securities;   | Not less than 1.30 times  |
| (c) Debt-equity ratio (No. of times);  | 0.76  |
| (d) Previous due date for the payment of interest/repayment of principal of non-convertible debt securities and whether the same has been paid or not; | 31 <sup>st</sup> January 2018, no repayment of principal due and the interest is duly paid  |
| (e) Next due date for the payment of interest/principal along with the amount of interest payable and the redemption amount;                           | Interest is payable monthly and next due date on 28 February 2018. The amount of interest payable is `17.72 million. First redemption/repayment of principal (10%) i.e. `300 million on 30 June 2019. |
| (f) Debt service coverage ratio (DSCR) (No of times)   | 1.46  |
| (g) Interest service coverage ratio (ISCR) (No of times);  | 4.01  |
| (h) Capital redemption reserve/Debenture redemption reserve;   | 159.17  |
| (i) Net worth;   | 22,968.01   |
| (j) Net profit after tax;  | 2355.98   |
| (k) Earnings per share (EPS) (annualized)  | Basic: 12.91<br>Diluted:12.91   |

Please take the same on your records and acknowledge the receipt.

Yours faithfully,

For Varun Beverages Ltd.

  
  
Ravi Batra  
Chief Risk Officer &  
Group Company Secretary

Countersigned by

For Axis Trustee Services Limited

  
  
(Authorized Signatory)

Regd. Office : F-2/7, Okhla Industrial Area Phase-I, New Delhi - 110 020  
Tel. : 011-41706720-25 Fax. 26813665



# 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

February 16, 2018

To,

|  |   |
|--|---|
| BSE Limited<br>Corporate Relationship Department,<br>1 <sup>st</sup> Floor, New Trading Ring,<br>Rotunda Building, P J Towers, Dalal Street,<br>Fort, Mumbai – 400 001<br>022-2272 3121, 2037, 2061<br><a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a><br><br><b>Security Code No. 540180</b> | National Stock Exchange of India Ltd.<br>Exchange Plaza, 5 <sup>th</sup> floor, Plot No. C/1, G<br>Block, Bandra Kurla Complex, Bandra (E),<br>Mumbai – 400 051<br># 022-2659 8237, 8238, 8347, 8348<br><a href="mailto:cmlist@nse.co.in">cmlist@nse.co.in</a><br><br><b>Symbol : VBL</b><br><b>Series : EQ</b> |
|--|---|

**Sub: Declaration under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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Dear Sir/Madam,

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular no. CIR/CFD/CMD/56/2016 dated May 27, 2016, we hereby declare that Audit Report on the Audited Financial Results for the Financial Year ended December 31, 2017 issued by M/s. Walker Chandiook & Associates, Chartered Accountants and M/s. APAS & Co., Chartered Accountants, Joint Statutory Auditors of the Company, is WITH UNMODIFIED OPINION.

You are requested to take the above on record.

Yours faithfully,  
**For Varun Beverages Limited**

  
**Ravi Batra**  
Chief Risk Officer & Group Company Secretary





# 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

February 16, 2018

To,

|  |   |
|--|---|
| BSE Limited<br>Corporate Relationship Department,<br>1 <sup>st</sup> Floor, New Trading Ring,<br>Rotunda Building, P J Towers, Dalal Street,<br>Fort, Mumbai – 400 001<br>022-2272 3121, 2037, 2061<br><a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a><br><br><b>Security Code No. 540180</b> | National Stock Exchange of India Ltd.<br>Exchange Plaza, 5 <sup>th</sup> floor, Plot No. C/1, G<br>Block, Bandra Kurla Complex, Bandra (E),<br>Mumbai – 400 051<br># 022-2659 8237, 8238, 8347, 8348<br><a href="mailto:cm1ist@nse.co.in">cm1ist@nse.co.in</a><br><br><b>Symbol : VBL</b><br><b>Series : EQ</b> |
|--|---|

**Sub: Press Release**

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Please find attached herewith a copy of the Proposed Press Release. Kindly upload the same on your website.

The same is also being uploaded on the website of the Company at [www.varunpepsi.com](http://www.varunpepsi.com)

Yours faithfully,

**For Varun Beverages Limited**

  
**Ravi Batra**  
**Chief Risk Officer & Group Company Secretary**



Encl: As above



## Varun Beverages Ltd. Q4 & CY2017 Financial Results

### CY2017

**EBITDA increases 5% YoY to Rs. 8,358 million**

**EBITDA margins expand 30 bps to 20.9%**

**Net Profit expands 346% to Rs. 2,141 million**

**Gurgaon, February 14, 2018:** Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, announced its financial results for the fourth quarter and year ended December 31, 2017.

### **Financial Performance Highlights\***

#### **Performance Review for CY2017 vs. CY2016**

- Revenue from operations (net of excise / GST) grew 3.7% YoY in CY2017 to Rs. 40,034 million as compared to Rs. 38,612 million in CY2016
- Total sales volume were up 1.1% YoY at 278.8 million cases in CY2017 as compared to 275.8 million unit cases in CY2016
- EBITDA increased by 5.0% to Rs. 8,358 million in CY2017 from Rs. 7,960 million in CY2016 and EBITDA margins have improved 30 bps YoY to 20.9%
- PAT expanded 345.6% to Rs. 2,141 million in CY2017 from Rs. 480 million in CY2016

#### **Performance Review for Q4 CY2017 vs. Q4 CY2016**

- Revenue from operations (net of excise / GST) grew 21.4% YoY to Rs. 5,274 million as compared to Rs. 4,342 million
- EBITDA stood at Rs. 225 million in Q4 CY2017 as compared to Rs. 363 million in Q4 CY2016
- Loss during Q4 CY2017 reduced to Rs. 721 million from a loss of Rs. 1,117 million in Q4 CY2016

**\*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; **Note 3:** VBL has adopted IND-AS framework starting Q1 CY2017. Prior period numbers have been restated in compliance with Ind-AS for a meaningful comparison.

**Commenting on the performance for Q4 & CY2017 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,** "I am pleased to report we have completed our first year post listing delivering a robust performance with net profit growing 346% to Rs. 214 crore. This is despite a challenging year with the residual impact of demonetisation and de-stocking by trade ahead of GST implementation which impacted volumes. We have focused on initiatives where we can drive the outcome and improve operating parameters to create a more efficient and sustainable business and can now take advantage of the improving external conditions to accelerate growth.

We have concluded the acquisition of PepsiCo India's previously franchised territories of the State of Odisha, parts of Madhya Pradesh, Chhattisgarh, Bihar and undergoing due-diligence in Jharkhand. These are highly under-penetrated regions and provide huge opportunity for increasing volumes and gaining market share, and in line with the Company's strategy to expand into contiguous territories to garner better operating leverage and asset utilization through economies of scale. VBL is now a franchisee for PepsiCo products across 21 States and 2 Union Territories and accounts for ~51% of PepsiCo's beverage sales volumes in India from ~45% a year ago. We have also undertaken a greenfield expansion in Zimbabwe and commercial production is expected to commence shortly. This is an untapped market with huge potential and as the sole franchisee of PepsiCo, we are confident of replicating the success that we have had in Zambia, in Zimbabwe as well.

We remain agile by keeping on top of new trends and changes in consumer preferences, working closely with PepsiCo India to adjust our product portfolio and processes accordingly. After the launch of zero calorie 'Pepsi Black' and the energy drink 'Sting' earlier in the year, during the quarter, we entered into a strategic partnership for selling and distribution of the larger Tropicana portfolio that includes Tropicana Juices (100%, Delight, Essentials), Gatorade in the Sports drink category and Quaker Value-Added Dairy in territories across North and East India.

VBL has proved its resilience against challenges with its successful performance in 2017. We are present in geographies that offer great long term, sustainable growth opportunities. Average per capita consumption rates are significantly lower than global averages, in contrast to the stronger GDP growth, increasing disposable incomes and young demographics. So in a normalized year, we are confident of delivering strong growth on the back of our solid business model and expanded product portfolio."

## Key Developments – CY2017

### Acquisition of new territories

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- Concluded the acquisition of PepsiCo India's previously franchised territories of the State of Odisha and parts of Madhya Pradesh along with two manufacturing units at Bargarh (Odisha) and Bhopal (Mandideep, MP) w.e.f. 27<sup>th</sup> Sep 2017
- Concluded the acquisition of PepsiCo India's previously franchised territory of the State of Chhattisgarh w.e.f. 11<sup>th</sup> Jan 2018

- Acquired franchisee rights of PepsiCo India's previously franchised territory of the State of Bihar w.e.f. 17<sup>th</sup> Jan 2018
- Acquired a manufacturing unit at Cuttack (Odisha) w.e.f. 19<sup>th</sup> Jan 2018
- Signed BTA for the acquisition of PepsiCo India's previously franchised territories of the State of Jharkhand along with a manufacturing unit at Jamshedpur on 20<sup>th</sup> Dec 2017 (due-diligence process ongoing)
- Total consideration for above acquisitions is ~Rs. 2,550 million and further we expect to spend ~Rs. 350 million in upgrading the plant & machinery and marketing assets in these territories
- Above acquisitions will help in garnering incremental PepsiCo India's volumes of 6% and further providing access to an additional consumer base of ~21% of India's population
- VBL is now a franchisee for PepsiCo products across 21 States and 2 Union Territories in India and accounts for ~51% of PepsiCo's beverage sales volumes in India

### **New product launches**

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- Launched Pepsi Black, a zero calorie cola flavor CSD product currently available in 250ml cans and 250 ml non-returnable glass bottles
  - Launch is part of PepsiCo's plan to intensify focus on health and nutrition, reduce sugar content in beverages
- Launched Sting for the next season, a carbonated energy drink available in 250ml cans and 250 ml PET bottles with a highly competitive price point as compared to other brands in the segment
  - The energy drinks contains approx. 50% less sugar than the regular CSD products and 70 calories per 250ml serving
- Entered into a strategic partnership for selling and distribution of the larger Tropicana portfolio that includes Tropicana Juices (100%, Delight, Essentials) in territories across North and East India
- Entered into a strategic partnership for selling and distribution of Gatorade and Quaker Value-Added Dairy in territories across North and East India

### **Ratings upgrade**

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- Company's credit rating for long term debt of VBL got upgraded by one notch and short term debt rating continued to remain at top notch
  - Long Term Debt: CRISIL A+/Positive to CRISIL AA-/Stable
  - Short Term Debt / Commercial Paper: CRISIL A1+

### **Capacity expansion / rationalization**

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- Set up a new unit for manufacturing of Pepsi range of products at District Hardoi, Uttar Pradesh; commercial production / operation started with effect from May 3, 2017
- Goa operations got consolidated into a single larger facility to bring in operational efficiencies
- One CSD glass line each from Sathariya-1 and Bazpur plant shifted to Nepal and Zimbabwe respectively
- Shut down 4 depots in India as part of rationalization exercise post GST implementation
- Capex for CY17 is in line with depreciation and to substantially reduce going forward

### **Expanded presence in Africa**

---

- Increased stake in Zambia subsidiary, Varun Beverages (Zambia) Limited, to 90% from 60% at reasonable valuations with an attractive payback given growth prospects and promising earnings potential
  - Enables VBL to consolidate a higher share of profits from the subsidiary going forward (2017 sales volumes of ~10 million cases; 2017 EBITDA of Rs. 275 million and 2017 PAT of Rs. 178 million)
- Established a greenfield production facility in Zimbabwe, an untapped market with huge potential, and as PepsiCo's sole franchisee will sell and distribute PepsiCo's products

### **Divestment**

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- Divested 41% stake in its Mozambique subsidiary, Varun Beverages Mozambique Limitada in view of limited opportunity to scale-up operations to turnaround the loss making subsidiary
- Subsidiary contributed only 0.6% to the net revenues from operations in 2016 and recorded a loss of Rs. 135 million in 2016

– 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 of December 31, 2017, 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**

Varun Beverages Ltd

Tel: +91 124 464 3100

Email: [raj.gandhi@rjcorp.in](mailto:raj.gandhi@rjcorp.in) /  
[deepak.dabas@rjcorp.in](mailto:deepak.dabas@rjcorp.in)

#### **Anoop Poojari / Varun Divadkar**

CDR India

Tel: +91 22 6645 1211 / 1222

Email: [anoop@cdr-india.com](mailto:anoop@cdr-india.com) / [varun@cdr-india.com](mailto:varun@cdr-india.com)

### **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.