



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

May 3, 2018

To,

BSE Limited Corporate Relationship Department, 1 st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai – 400 001 022-2272 3121, 2037, 2061 corp.relations@bseindia.com Security Code No. 540180	National Stock Exchange of India Ltd. Exchange Plaza, 5 th floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 # 022-2659 8237, 8238, 8347, 8348 cm1ist@nse.co.in Symbol : VBL Series : EQ
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Subject: Outcome of the Board Meeting in accordance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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Dear Sir/Madam,

The Board of Directors at their meeting held today (started at 11.00 A.M. and concluded at 11.45 A.M.) considered and approved, the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended March 31, 2018. In this regard, please find enclosed:

- Copy of the Unaudited Financial Results of the Company, both on standalone and consolidated basis for the quarter ended March 31, 2018.
- Limited Review Report issued by M/s. APAS & Co., Chartered Accountants and M/s. Walker Chandiook & Co. LLP, Chartered Accountants, Joint Statutory Auditors of the Company, with unmodified opinion.

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

Further, we would like to inform that new unit at Nawal Parasi, under Varun Beverages (Nepal) Private Limited, a wholly owned subsidiary of the Company has started commercial production with effect from May 2, 2018.

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

Corporate identification number: L74899DL1995PLC069839

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

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

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

Statement of consolidated unaudited financial results for the quarter ended on 31 March 2018

[Regulation 33 read with Regulation 47 (1) (b) of the SEBI (LODR) Regulations, 2015]

(₹ in million, except per share data)

Particulars	Three months period and Year to date ended on	Three months ended on
	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)
Total income from operations	11,305.37	10,644.19
Net Profit for the period before tax	309.75	142.91
Net Profit for the period after tax	197.38	68.94
Total Comprehensive Income for the period [Comprising Profit for the period (after tax) and Other Comprehensive Income (after tax)]	145.11	53.62
Equity Share Capital (face value of ₹ 10 each)	1,826.15	1,824.12
Earnings per share (of ₹ 10/- each)		
(a) Basic	1.02	0.25
(b) Diluted	1.02	0.25
See accompanying notes		

Notes:

1. The above is an extract of the detailed format of quarterly and year to date financial results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and other Disclosure Requirements) Regulations, 2015. The full format of the quarterly and year to date financial results are available on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and on Company's website (www.varunpepsi.com).

2. These unaudited financial results for the quarter ended on 31 March 2018, have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 03 May 2018.

3. 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 ended 31 March 2018 are not strictly comparable to other periods presented which were gross of excise duty. The following additional information is being provided to facilitate such understanding:

	Three months ended 31 March 2018 (Unaudited)	Three months ended 31 March 2017 (Unaudited)	Change (%)
Gross revenue from operations (A)	11,223.73	10,508.87	6.80
Less: Excise duty (B)	(276.03)*	(1,716.90)	(83.92)
Net revenue from operations (A-B)	10,947.70	8,791.97	24.52

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

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


Raj P. Gandhi
Whole Time Director

Place : Gurugram
Dated : 03 May 2018



VARUN BEVERAGES LIMITED

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Statement of consolidated unaudited financial results for the quarter ended on 31 March 2018

₹ in million, except as stated otherwise

Particulars	Three months ended on	Three months ended on	Three months ended on	Year ended on
	31 March 2018 (Unaudited)	31 December 2017 (Unaudited)	31 March 2017 (Unaudited)	31 December 2017 (Audited)
1. Income				
(a) Revenue from operations	11,223.73	5,433.22	10,508.87	45,162.36
(b) Other income	81.64	16.84	135.32	126.53
Total income	11,305.37	5,450.06	10,644.19	45,288.89
2. Expenses				
(a) Cost of materials consumed	5,788.24	2,485.05	4,763.89	18,555.09
(b) Excise duty	276.03	159.63	1,716.90	5,128.37
(c) Purchases of stock-in-trade	399.85	62.18	70.19	277.69
(d) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(1,272.13)	(629.50)	(833.02)	(732.22)
(e) Employee benefits expense	1,386.21	1,157.68	1,099.98	4,628.44
(f) Finance costs	599.17	526.16	566.11	2,121.75
(g) Depreciation and amortisation expense	910.60	880.05	800.81	3,466.41
(h) Other expenses	2,918.59	1,973.44	2,318.57	8,947.32
Total expenses	11,006.56	6,614.69	10,503.43	42,392.85
3. Profit/(loss) before tax and share of profit in associate (1-2)	298.81	(1,164.63)	140.76	2,896.04
4. Share of profit in associate	10.94	4.60	2.15	13.50
5. Profit/(loss) before tax (3+4)	309.75	(1,160.03)	142.91	2,909.54
6. Tax expense:				
(a) Current tax	54.89	(525.27)	95.18	547.85
(b) Adjustment of tax relating to earlier periods	-	1.60	-	1.60
(c) Deferred tax	57.48	84.93	(21.21)	219.50
Total tax expense	112.37	(438.74)	73.97	768.95
7. Net profit/(loss) for the period (5-6)	197.38	(721.29)	68.94	2,140.59
8. Other comprehensive income				
A Items that will not be reclassified to profit or loss	(37.86)	(5.19)	(23.43)	10.83
B Income tax relating to items that will not be reclassified to profit or loss	13.37	2.75	8.11	(3.39)
C Items that will be reclassified to profit or loss	(36.11)	37.26	-	(94.27)
D Income tax relating to items that will be reclassified to profit or loss	8.33	(8.60)	-	21.75
Total other comprehensive income	(52.27)	26.22	(15.32)	(65.08)
9. Total comprehensive income for the period (including non-controlling interest) (7+8)	145.11	(695.07)	53.62	2,075.51
10. Net profit attributable to:				
A Owners	186.32	(728.44)	45.08	2,101.54
B Non-controlling interest	11.06	7.15	23.86	39.05
11. Other comprehensive income attributable to:				
A Owners	(52.27)	26.22	(15.32)	(65.08)
B Non-controlling interest	-	-	-	-
12. Total comprehensive income attributable to:				
A Owners	134.05	(702.22)	29.76	2,036.46
B Non-controlling interest	11.06	7.15	23.86	39.05
13. Paid-up equity share capital (face value of ₹ 10 each)	1,826.15	1,825.87	1,824.12	1,825.87
14. Reserve excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	15,868.41
15. Earnings per share (of ₹ 10/- each) (not annualised):				
(a) Basic	1.02	(3.99)	0.25	11.52
(b) Diluted	1.02	(3.99)	0.25	11.51

See accompanying notes

Signed For Identification Purpose Only





VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC069839

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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 unaudited financial results for the quarter ended on 31 March 2018

₹ in million, except as stated otherwise

Particulars	Three months ended on	Three months ended on	Three months ended on	Year ended on
	31 March 2018 (Unaudited)	31 December 2017 (Unaudited)	31 March 2017 (Unaudited)	31 December 2017 (Audited)
1. Income				
(a) Revenue from operations	8,975.22	3,299.22	8,518.07	34,905.58
(b) Other income	87.97	2.72	94.13	475.32
Total income	9,063.19	3,301.94	8,612.20	35,380.90
2. Expenses				
(a) Cost of materials consumed	4,879.84	1,760.13	3,935.11	14,546.23
(b) Excise duty	-	-	1,539.68	4,281.07
(c) Purchase of stock-in-trade	361.36	12.78	64.50	158.91
(d) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,191.26)	(561.68)	(830.71)	(662.04)
(e) Employee benefits expense	1,025.08	781.16	750.60	3,191.26
(f) Finance costs	549.79	531.37	463.51	1,917.14
(g) Depreciation and amortisation expense	728.63	697.63	617.16	2,736.42
(h) Other expenses	2,258.65	1,236.72	1,741.81	6,169.98
Total expenses	8,612.09	4,458.11	8,281.66	32,338.97
3. Profit/(loss) before tax (1-2)	451.10	(1,156.17)	330.54	3,041.93
4. Tax expense				
(a) Current tax	32.21	(543.96)	83.90	451.10
(b) Adjustment of tax relating to earlier periods	-	1.37	-	1.37
(c) Deferred tax	83.92	77.21	(21.58)	233.48
Total tax expense	116.13	(465.38)	62.32	685.95
5. Net Profit/(loss) after tax (3 - 4)	334.97	(690.79)	268.22	2,355.98
6. Other comprehensive income				
A. Items that will not be reclassified to profit or loss	(38.62)	(7.96)	(23.43)	9.78
B. Income tax relating to items that will not be reclassified to profit or loss	13.37	2.75	8.11	(3.39)
Total other comprehensive income	(25.25)	(5.21)	(15.32)	6.39
7. Total comprehensive income for the period (5+6)	309.72	(696.00)	252.90	2,362.37
8. Paid-up equity share capital (face value of ₹ 10 each)	1,826.15	1,825.87	1,824.12	1,825.87
9. Reserve excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	21,142.14
10. Earnings per share (of ₹ 10/- each) (not annualised):				
(a) Basic	1.83	(3.78)	1.47	12.91
(b) Diluted	1.83	(3.78)	1.47	12.91
See accompanying notes				





VARUN BEVERAGES LIMITED

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(₹ in million, except otherwise stated)

Notes:

1. These standalone and consolidated unaudited financial results for the quarter ended on 31 March 2018, have been reviewed by the Audit Committee and approved by the Board of Directors of Varun Beverages Limited ("VBL" or "the Company") at their respective meetings held on 03 May 2018.

2. VBL follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

3. Acquisitions of businesses and manufacturing units:

a) On 11 January 2018, the Company has concluded the acquisition of PepsiCo India Holdings Private Limited's (hereinafter "PepsiCo India's") previously franchised territory along with marketing assets in the state of Chhattisgarh on a slump sale basis for a total purchase consideration of ₹ 150.

b) The Company has acquired franchisee rights of PepsiCo India's previously franchised territory in the state of Bihar effective from 17 January 2018.

c) On 18 January 2018, 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) On 23 March 2018, the Company has concluded acquisition of PepsiCo India's previously franchised sub-territory in the State of Jharkhand along with manufacturing unit at Jamshedpur from an independent franchisee, on a slump sale basis, for a purchase consideration of ₹ 552.13 based upon independent valuation reports.

e) Subsequent to the quarter ended 31 March 2018, on 05 April 2018, the Company has concluded acquisition of another manufacturing facility situated in Jamshedpur, Jharkhand along with certain specific assets for a total consideration of ₹ 101.49.

4. The Varun Beverages (Zimbabwe) (Private) Limited, a subsidiary of the Company has started commercial production from a greenfield production facility in Zimbabwe on 19 February 2018.

5. During the quarter ended on 31 March 2018, the paid-up capital of the Company has increased by ₹ 0.28 (27,700 equity shares of ₹ 10 each), pursuant to exercise of stock options by employees.

6. The Company's plans are under formulation to set-up a greenfield production facility (subject to necessary approvals) for subsequent year, to create in house integrated production capacity at Pathankot, Punjab for Tropicana fruit juices, Quaker Oats milk based beverages and Gatorade including CSD.

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. 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.

8. 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 ended 31 March 2018 are not strictly comparable to other periods presented which were gross of excise duty. The following additional information is being provided to facilitate such understanding:

A. Group:

	Three months ended 31 March 2018 (Unaudited)	Three months ended 31 March 2017 (Unaudited)	Change (%)	Three months ended 31 December 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Gross revenue from operations (A)	11,223.73	10,508.87	6.80	5,433.22	45,162.36
Less: Excise duty (B)	(276.03)*	(1,716.90)	(83.92)	(159.63)	(5,128.37)
Net revenue from operations (A-B)	10,947.70	8,791.97	24.52	5,273.59	40,033.99

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

B. Company:

	Three months ended 31 March 2018 (Unaudited)	Three months ended 31 March 2017 (Unaudited)	Change (%)	Three months ended 31 December 2017 (Unaudited)	Year ended 31 December 2017 (Audited)
Gross revenue from operations (A)	8,975.22	8,518.07	5.37	3,299.22	34,905.58
Less: Excise duty (B)	-	(1,539.68)	(100.00)	-	(4,281.07)
Net revenue from operations (A-B)	8,975.22	6,978.39	28.61	3,299.22	30,624.51

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

Raj P. Gandhi
Whole Time Director

Place : Gurugram
Dated : 03 May 2018

Signed For Identification Purpose Only



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

To the Board of Directors of Varun Beverages Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results ("Statement") of Varun Beverages Limited ("the Company") for the quarter ended 31 March 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. The review of unaudited standalone financial results for the three months period ended 31 March 2017 and audit of standalone financial results for the year ended 31 December 2017 including standalone figures for the quarter ended 31 December 2017, which were the balancing figures between audited standalone figures in respect of the full financial year and the published unaudited standalone year to date figures up to the end of the third quarter of the financial year, included in the Statement was jointly carried out and reported by Walker Chandiook & Associates, Chartered Accountants and APAS & Co., Chartered Accountants vide their unmodified review report dated 12 May 2017 and unmodified audit report dated 16 February 2018 respectively, whose review and audit reports have been furnished to us by the management and which have been relied upon by us for the purpose of our review of the Statement. Our review report is not modified in respect of this matter.

Walker Chandiook & Co LLP

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

Anupam
per Anupam Kumar
Partner

Membership No. 501531

Place: Gurugram
Date: 03 May 2018

L-41 Connaught Place,
New Delhi 110 001

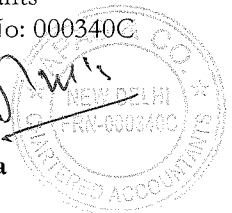


For APAS & Co.
Chartered Accountants
Firm Registration No: 000340C

Sumit Kathuria
per Sumit Kathuria
Partner
Membership No. 520078

Place: Gurugram
Date: 03 May 2018

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



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

To the Board of Directors of Varun Beverages Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results ("Statement") of Varun Beverages Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group') and its associates (Refer Annexure 1 for the list of subsidiaries and associates included in the Statement) for the quarter ended 31 March 2018, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above and upon consideration of the review reports of the other auditors, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. We did not review the financial results of six subsidiaries included in the Statement whose financial results reflect total revenues of ₹ 2,677.70 million for the quarter ended 31 March 2018, net loss (including other comprehensive income) of ₹ 69.33 million for the quarter ended 31 March 2018. The Statement also includes the Group's share of net profit (including other comprehensive income) of ₹10.94 million for the quarter ended 31 March 2018, as considered in the Statement, in respect of two associates, whose financial results have not been reviewed by us. These financial results have been reviewed by other auditors whose review reports have been furnished to us by the management and our report in respect thereof is based solely on the review reports of such other auditors. Our review report is not modified in respect of this matter.



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

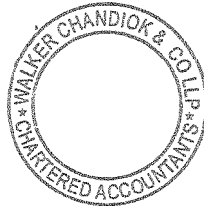
5. The review of unaudited consolidated financial results for the three months period ended 31 March 2017 and audit of consolidated financial results for the year ended 31 December 2017 including consolidated figures for the quarter ended 31 December 2017, which were the balancing figures between audited consolidated figures in respect of the full financial year and the published unaudited consolidated year to date figures up to the end of the third quarter of the financial year, included in the Statement was jointly carried out and reported by Walker Chandiook & Associates, Chartered Accountants and APAS & Co., Chartered Accountants vide their unmodified review report dated 12 May 2017 and unmodified audit report dated 16 February 2018 respectively, whose review and audit reports have been furnished to us by the management and which have been relied upon by us for the purpose of our review of the Statement. Our review report is not modified in respect of this matter.

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

Anupam
per Anupam Kumar
Partner
Membership No. 501531

Place: Gurugram
Date: 03 May 2018

L-41 Connaught Place,
New Delhi 110 001

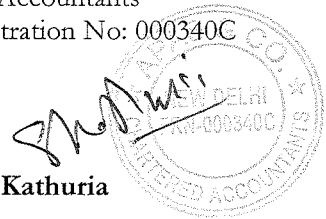


For APAS & Co.
Chartered Accountants
Firm Registration No: 000340C

Sumit Kathuria
per Sumit Kathuria
Partner
Membership No. 520078

Place: Gurugram
Date: 03 May 2018

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



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

Annexure 1

List of entities included in the Statement

Subsidiaries

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

Associates

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





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

May 3, 2018

To,

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

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Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find attached a copy of the press release on Unaudited Financial Results for the quarter ended March 31, 2018.

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

You are requested to kindly take the above on records.

Yours faithfully,
For Varun Beverages Limited

Ravi Batra
Chief Risk Officer & Group Company Secretary



Encl. As above



Varun Beverages Ltd. Q1 CY2018 Financial Results

Revenue growth of 24.5% YoY to Rs. 10,948 million

EBITDA increases 25.8% YoY to Rs. 1,727 million

Net Profit expands 186.3% to Rs. 197 million

Gurgaon, May 03, 2018: 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, 2018.

Financial Performance Highlights*

Performance Review for Q1 CY2018 vs. Q1 CY2017

- Revenue from operations (net of excise / GST) grew 24.5% YoY to Rs. 10,948 million as compared to Rs. 8,792 million
- EBITDA increased by 25.8% to Rs. 1,727 million in Q1 CY2018 from Rs. 1,372 million in Q1 CY2017; EBITDA margins expanded 16 bps YoY to 15.8%
- PAT increased by 186.3% to Rs. 197 million in Q1 CY2018 from Rs. 69 million in Q1 CY2017

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



Commenting on the performance for Q1 CY2018 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,

"We are pleased to report that we have made a strong start to the year with a robust revenue growth of 24.5% and profit growth of 186.3%. This was led by strong volume growth of 19.7% on consolidation of recently acquired territories. The volume growth in India on an organic basis was strong at 12% which is highly encouraging. Further, the introduction of new product categories, like Tropicana and Sting, has resulted in better portfolio mix and improved our realizations.

We have strengthened our presence in fast growing categories during last year. We entered into a strategic partnership for selling and distribution of the larger Tropicana portfolio that includes Tropicana Juices (100%, Delight, Essentials), as well as Gatorade in the Sports drink category and Quaker Value-Added Dairy in territories across North and East India. With VBL already holding manufacturing, sales and distribution rights for Tropicana Slice and Tropicana Frutz in North and East, we are confident that we can leverage our knowledge of the supply chain process, existing distribution network and chilling infrastructure to help expand the franchise for Brand Tropicana in these territories.

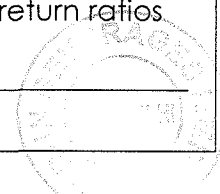
During the quarter, we have further expanded our juice portfolio with the launch of fizzy drinks in seven different flavours under the 'Slice' brand, having lower calories and zero sugar content, in line with PepsiCo's plan to intensify focus on health and nutrition. All flavours are available in 250 ml PET bottles at an attractive price point of Rs. 12, and have ~11% juice content. The introduction of all these product categories not only augurs well for our long term growth prospects but also will reduce seasonality, enhance profitability and augment return ratios.

We are excited about our prospects going into the peak summer season. We will be focused on consolidation of the recent territories that we have acquired. We are confident that the learning, knowledge and mastery over the process that we have attained will help us garner market share in these territories as we increase our penetration further. We will continue to innovate and work with PepsiCo to roll-out new products, staying in the path of relevance of our customers, to push our strategic intent of driving profitable growth."

Key Developments – Q1 CY2018

New product launches

- Expanded juice portfolio with the launch of fizzy drinks in seven different flavours, leveraging the 'Slice' brand with wider recognition and strong brand value
- Fizzy Slice will have ~11% juice content and will include both ethnic flavours like Jeera and Guava Chilli as well as mainstream flavours such as Apple, Orange, Lemon & Lime, Clear Lemon and Cream Soda
- All the drinks have lower calories and zero sugar content, in line with PepsiCo's plan to intensify focus on health and nutrition and reduction in sugar content
- All flavours are available in 250 ml PET bottles at an attractive price point of Rs. 12
- The introduction of all these product categories not only augurs well for long term growth prospects but also will reduce seasonality, enhance profitability and augment return ratios



Capacity expansion

For CY2018:

- Set up a new unit for manufacturing of Pepsi range of products at Harare, Zimbabwe; commercial production / operation has started with effect from February 19, 2018
- Company has set up a new unit for manufacturing of Pepsi range of products at Nepal; commercial production / operation has started with effect from May 02, 2018

– ENDS –

About Varun Beverages Limited:

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

VBL has been associated with PepsiCo since the 1990s and have over two and half decades consolidated its business association with PepsiCo, increasing the number of licensed territories and sub-territories covered by the Company, producing and distributing a wider range of PepsiCo beverages, introducing various SKUs in the portfolio, and expanding the distribution network. As on date, VBL has been granted franchises for various PepsiCo products across 21 States and two Union Territories in India. India is the largest market and contributed 76% of revenues from operations (net) in Fiscal 2017. VBL has also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe.

For further information, please contact:

Raj Gandhi / Deepak Dabas

Varun Beverages Ltd
Tel: +91 124 464 3100
Email: raj.gandhi@rjcorp.in /
deepak.dabas@rjcorp.in

Anoop Poojari / Varun Divadkar

CDR India
Tel: +91 22 6645 1211 / 1222
Email: anoop@cdr-india.com / 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.





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

May 3, 2018

To,

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

Sub: Presentation on Unaudited Financial Results for the Quarter ended on March 31, 2018.
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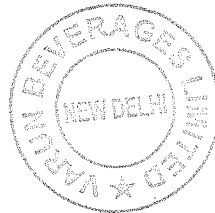
A copy of the presentation on Unaudited Financial Results for the Quarter ended on March 31, 2018 is attached.

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

You are requested to kindly take the above on records.

Yours Faithfully
For Varun Beverages Limited

Ravi Batra
Chief Risk Officer and Group Company Secretary



Encl: As above



Varun Beverages Limited

Q1 CY2018 Results Presentation



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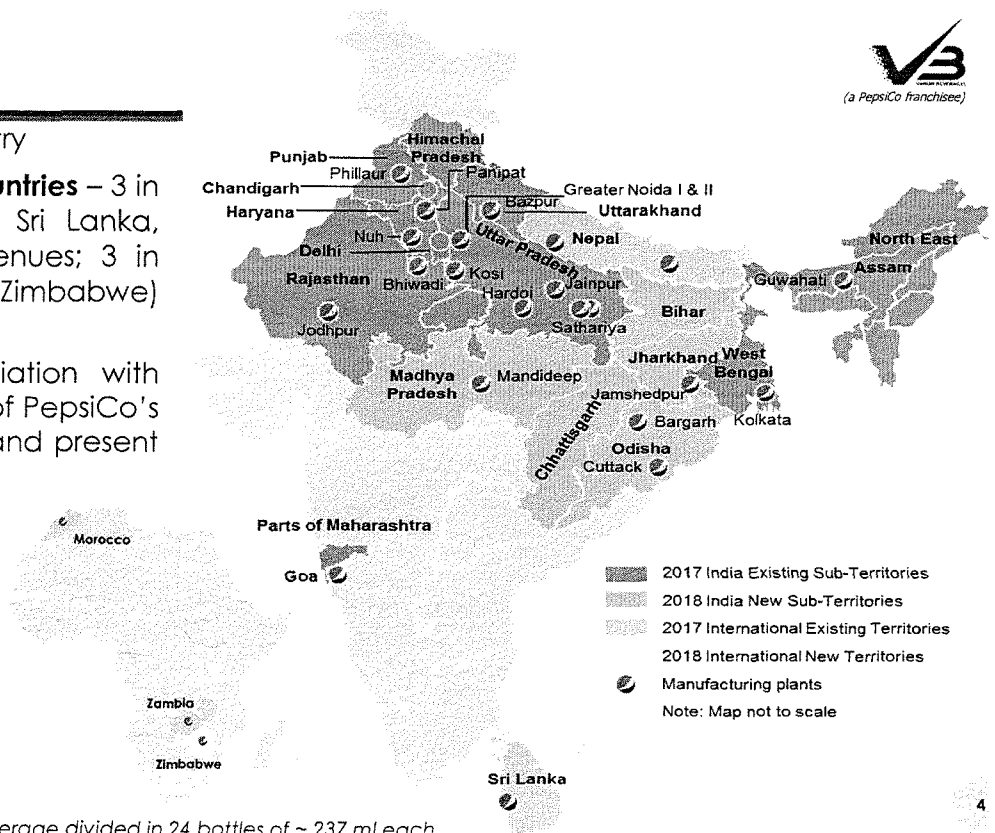
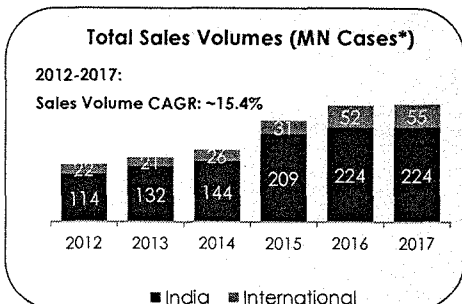
- 1 Company Overview
- 2 Q1 CY2018 Results Overview
- 3 Financial Highlights
- 4 Industry Prospects
- 5 Annexure

Company Snapshot

Key player in the beverage industry

Operations spanning across **6 countries** – 3 in the Indian Subcontinent (India, Sri Lanka, Nepal) contribute ~**90%** to revenues; 3 in Africa (Morocco, Zambia, Zimbabwe) contribute ~10%

Over **25** years strategic association with PepsiCo – accounting for ~ **51%** of PepsiCo's beverage sales volume in India and present in 21 States and 2 UTs

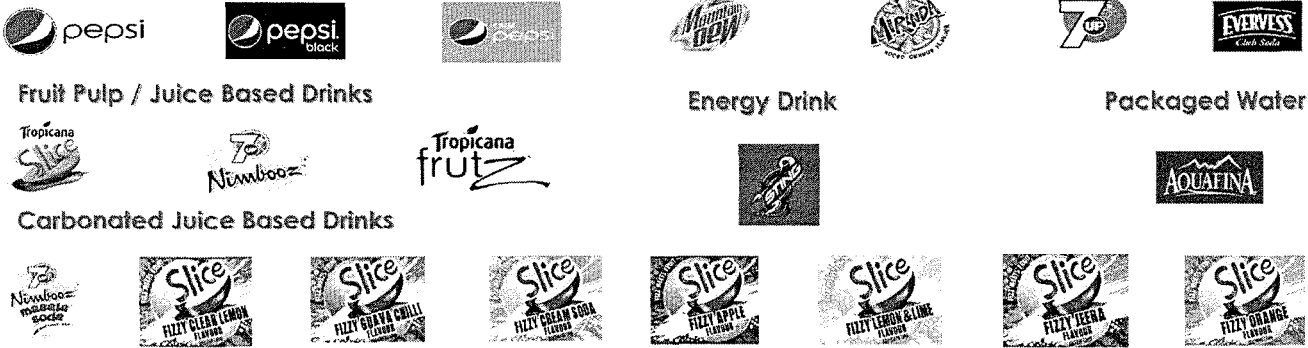


Note: *A unit case is equal to 5.678 liters of beverage divided in 24 bottles of ~ 237 ml each

Brands licensed by PepsiCo



Manufacturing & Distribution: Carbonated Soft Drinks



Distribution: Fruit Pulp / Juice Based Drinks



Key Player in the Beverage Industry – Business Model



VBL- END-TO-END EXECUTION ACROSS VALUE CHAIN

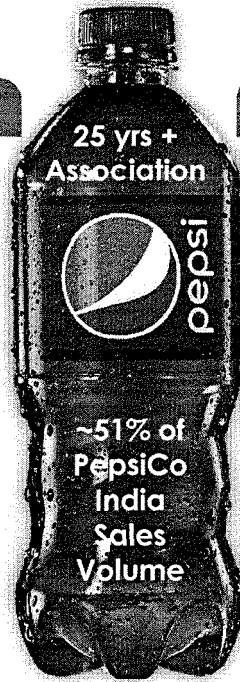
MANUFACTURING		
<ul style="list-style-type: none"> Concentrate (PepsiCo) Other Raw Materials Bottling 	<ul style="list-style-type: none"> 26 state-of-the-art production facilities 	SOLID INFRASCTURE
DISTRUBUTION & WAREHOUSING	<ul style="list-style-type: none"> 72 owned depots 2,100+ owned vehicles 1,000+ primary distributors 	ROBUST SUPPLY CHAIN
CUSTOMER MANAGEMENT	<ul style="list-style-type: none"> VBL - local level promotion and in-store activation Installed 474,500 visi-coolers PepsiCo - brand development & consumer marketing 	DEMAND DELIVERY
IN-MARKET EXECUTION	<ul style="list-style-type: none"> Experienced region-specific sales team Responsible for category value/volume growth 	MARKET SHARE GAINS
COST EFFICIENCIES	<ul style="list-style-type: none"> Production optimization Backward integration Innovation (packaging etc) 	MARGIN EXPANSION
CASH MANAGEMENT	<ul style="list-style-type: none"> Working capital efficiencies Disciplined capex investment Territory acquisition 	ROE EXPANSION / FUTURE GROWTH

Symbiotic Relationship with PepsiCo



VBL – Demand Delivery

- Investment in Production Facilities – Manufacturing plants
- Sales & Distribution – Vehicles
- In-outlet Management – Visi-Coolers
- Market Share Gains – Consumer Push Management



PepsiCo – Demand Creation

- Owner of Trademarks
- Investment in R&D – Product & Packaging innovation
- Formulation through Concentrate
- Brand Development – Consumer Pull Management

Chairman's Message



Commenting on the performance for Q1 CY2018, Mr. Ravi Jaipuria, Chairman – Varun Beverages Limited said,

"We are pleased to report that we have made a strong start to the year with a robust revenue growth of 24.5% and profit growth of 186.3%. This was led by strong volume growth of 19.7% on consolidation of recently acquired territories. The volume growth in India on an organic basis was strong at 12% which is highly encouraging. Further, the introduction of new product categories, like Tropicana and Sting, has resulted in better portfolio mix and improved our realizations.

We have strengthened our presence in fast growing categories during last year. We entered into a strategic partnership for selling and distribution of the larger Tropicana portfolio that includes Tropicana Juices (100%, Delight, Essentials), as well as Gatorade in the Sports drink category and Quaker Value-Added Dairy in territories across North and East India. With VBL already holding manufacturing, sales and distribution rights for Tropicana Slice and Tropicana Frutz in North and East, we are confident that we can leverage our knowledge of the supply chain process, existing distribution network and chilling infrastructure to help expand the franchise for Brand Tropicana in these territories.

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Key Developments - New Product Launches (1/2)

STING

PEPSI BLACK

GATORADE*

QUAKER MILK*



Energy Drink

Available in 250ml cans and 250 ml PET bottles



Zero Calorie Drink

Available in 250ml cans and 250 ml non-returnable glass bottles



Fruit Pulp / Juice Based Drink

Tropicana Juices (100%, Delight, Essentials) available in 1 litre and 200 ml tetra packs



Sports Drink

Available in 3 flavours (Orange, Lemon and Blue Bolt) in 500 ml PET bottles



Oats Milk based Drink

Available in two flavours (Almond and Mango) in 180 ml tetra Packs

* Sales & Distribution only

Key Developments - New Product Launches (2/2)

Slice FIZZY DRINKS



Carbonated Juice based Drinks

Lemon & Lime

Orange

Clear Lemon

Jeera

Apple

Guava Chilli

Cream Soda

All flavours are available in 250 ml PET bottles at a MRP of Rs. 12

Key Developments – Capacity Expansion



For CY2018:

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Key Developments – PepsiCo in news



"Tropicana is one of the fastest growing brands in our beverages portfolio. Due to growing per capita consumption of juices in India, the overall juices segment is also witnessing high growth rates. So we felt the time is right to expand the distribution of the brand in the country" said **Deepika Warriar, Vice-President (Nutrition category), PepsiCo India** ⁽¹⁾

"This strategic distribution alliance with VBL will help us to more than double the distribution of the brand in the North and East region with a strong focus on smaller towns and rural region. This will also enable the brand to get access to our chilling infrastructure that has already been set up for our carbonated beverages" said **Deepika Warriar, Vice-President (Nutrition category), PepsiCo India** ⁽²⁾

"We continue to transform our portfolio to offer healthier options and meet consumers' increasing interest in health and wellness. Hydration, dairy and juices are three categories that are growing faster," & "Our plan is at the global vision two-thirds of global beverage portfolio will contain 100 calories by 2025, for India we are looking at 2021" said **Vipul Prakash, senior vice president (beverage category), PepsiCo India**. ⁽³⁾

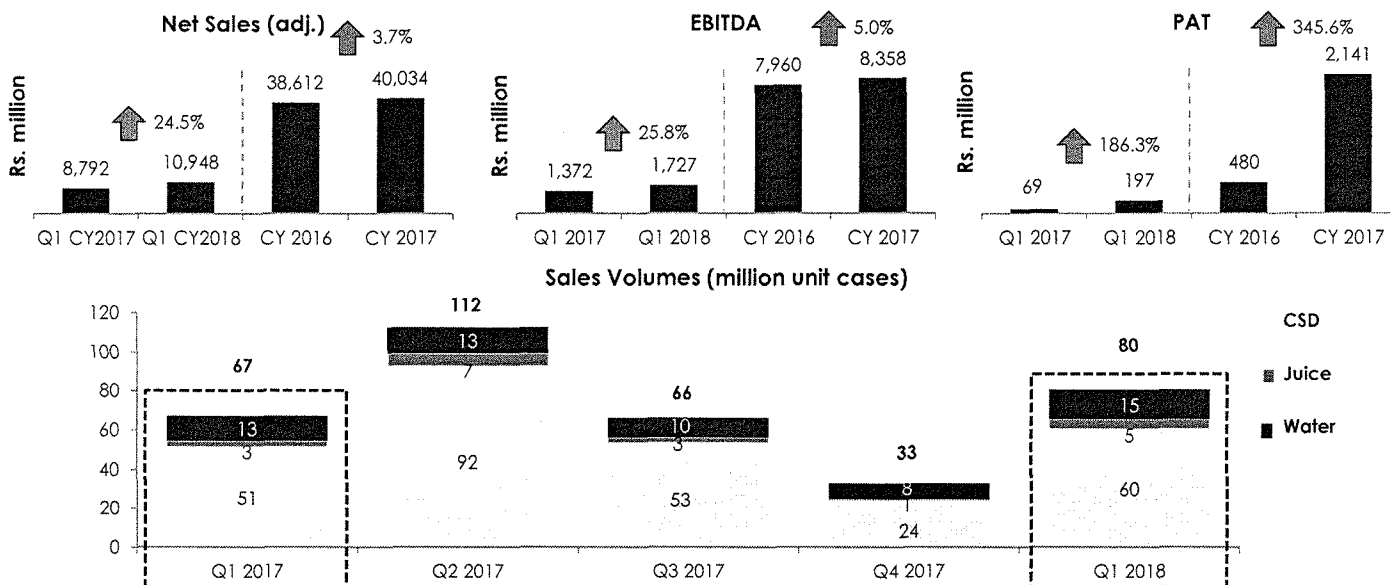
"Internationally, when we find a very good bottler and we believe that they can run the business better than us, we will rebrand the business. We look across our portfolio internationally to see where it makes sense" said **Indra Nooyi, Chief Executive, PepsiCo Inc.** in response to an analyst query on whether the company would rebrand its bottling operations further in India. ⁽⁴⁾

Source:

- (1) <https://www.thehindubusinessline.com/economy/in-tropicana-push-pepsico-india-eyes-small-towns-and-rural-areas/article23384869.ece>
- (2) <https://www.livemint.com/Companies/17IXiNCVUWmnpLj1Nkc2vK/PepsiCo-india-aims-to-double-Tropicana-business-by-2020.html>
- (3) <https://economictimes.indiatimes.com/industry/cons-products/food/two-thirds-of-beverages-will-contain-less-than-100-calories-pepsico/articleshow/61851808.cms>
- (4) <https://economictimes.indiatimes.com/industry/cons-products/food/pepsico-open-to-rebranding-indra-nooyi/articleshow/62919246.cms>

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Performance Highlights



Note: Given the seasonality in the business, it is best to monitor the business on an annual basis as, significant portion of the revenues are realized in the Apr-June quarter

Discussion on Financial & Operational Performance – Q1 CY2018

Revenues

- Revenue from operations (net of excise / GST) grew 24.5% YoY in Q1 CY2018 to Rs. 10,948 million led by strong volume growth of 19.7% and value growth of ~ 4.8%
- Introduction of higher realization products (Sting, Tropicana, etc.) has aided value growth during the quarter

Sales Volumes

- Total sales volumes were up 19.7% YoY at 80.4 million cases in Q1 CY2018 as compared to 67.2 million unit cases in Q1 CY2017
- Strong organic volume growth in India at 12.0% in Q1 CY2018 while organic volume growth of 9.8% on a consolidated basis – augurs well for peak season sales
- During Q1 CY2018, CSD constituted 75%, Juice – 6% and Packaged Drinking water – 19% of total sales volumes

Operating Margins

- EBITDA increased by 25.8% to Rs. 1,727 million in Q1 CY2018 from Rs. 1,372 million in Q1 CY2017; EBITDA margins expanded 16 bps YoY to 15.8%
- Gross margins improved 61 bps YoY during the quarter as the increase in PET prices has been offset by moderation of sugar prices. All other raw material costs are stable
- Approvals for commencement of operations in a particular sub-territory received towards end of quarter and new sub-territories without plants lead to rise in freight costs as these territories were being serviced from existing plants in neighbouring States

Profit After Tax

- PAT increased by 186.3% to Rs. 197 million in Q1 CY2018 from Rs. 69 million in Q1 CY2017
- Depreciation and finance costs have increased during the quarter on account of in-organic expansion primarily funded through debt
- PAT has increased on the back of robust volume growth in India and gradual turn-around of loss making foreign subsidiaries
- Increase in volumes, consolidation of contiguous territories and robust backward integrated infrastructure have brought in cost efficiencies

Profit & Loss Statement



Particulars (Rs. million)	Q1 2018	Q1 2017	YoY(%)	CY 2017	CY 2016	YoY (%)
1. Income						
(a) Revenue from operations (refer slide-16)	11,223.73	10,508.87	6.8%	45,162.4	45,314.6	-0.3%
(b) Other income	81.64	135.32	-39.7%	126.5	357.3	-64.6%
Total income	11,305.37	10,644.19	6.2%	45,288.9	45,671.9	-0.8%
2. Expenses						
(a) Cost of materials consumed	5,788.24	4,763.89	21.5%	18,555.1	16,769.0	10.7%
(b) Excise duty	276.03	1,716.90	-83.9%	5,128.4	6,702.8	-23.5%
(c) Purchase of stock-in-trade	399.85	70.19	469.7%	277.7	928.4	-70.1%
(d) Changes in inventories of FG, WIP and stock-in-trade	(1,272.13)	(833.02)	52.7%	(732.2)	(318.6)	NA
(e) Employee benefits expense	1,386.21	1,099.98	26.0%	4,628.4	4,210.3	9.9%
(f) Finance costs	599.17	566.11	5.8%	2,121.8	4,325.4	-50.9%
(g) Depreciation and amortisation expense	910.60	800.81	13.7%	3,466.4	3,222.1	7.6%
(h) Other expenses	2,918.59	2,318.57	25.9%	8,947.3	9,063.0	-1.3%
Total expenses	11,006.56	10,503.43	4.8%	42,392.8	44,902.4	-5.6%
3. Profit/(loss) before tax and share of profit in associate (1-2)	298.81	140.76	112.3%	2,896.0	769.6	276.3%
4. Share of profit in associate	10.94	2.15	408.9%	13.5	23.8	-43.2%
5. Profit/(loss) before tax (3+4)	309.75	142.91	116.7%	2,909.5	793.4	266.7%
6. Tax expense	112.37	73.97	51.9%	769.0	313.0	145.7%
7. Net profit/(loss) for the period (5-6)	197.38	68.94	186.3%	2,140.6	480.4	345.6%

Note: Given the seasonality in the business, it is best to monitor the business on an annual basis as a significant portion of the revenues are realized in the Apr-June quarter

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GST Impact on Sales from Operations



Consequent to the introduction of Goods and Service Tax (GST) with effect from July 01, 2017, Central Excise, Value Added Tax (VAT), etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT, etc. do not form part of Revenue. Accordingly, the figures for the period up to June 30, 2017 are not strictly comparable to those thereafter which were gross of excise duty.

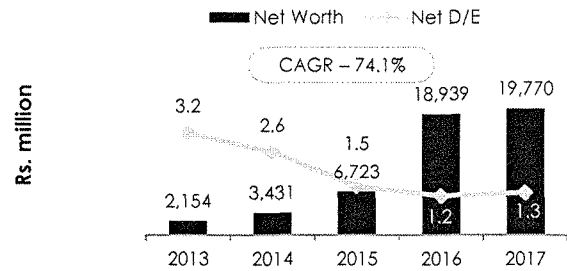
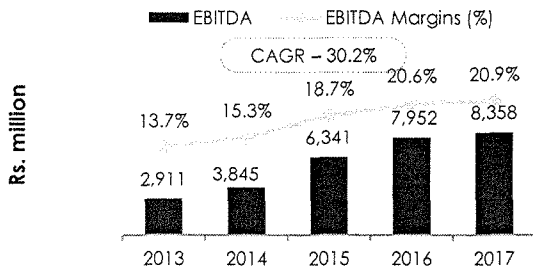
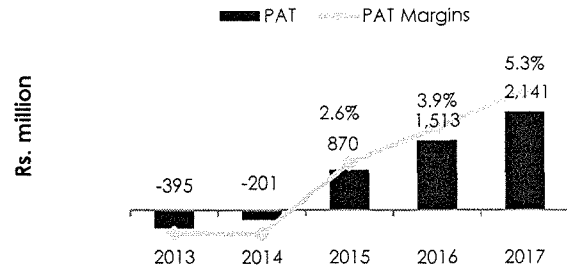
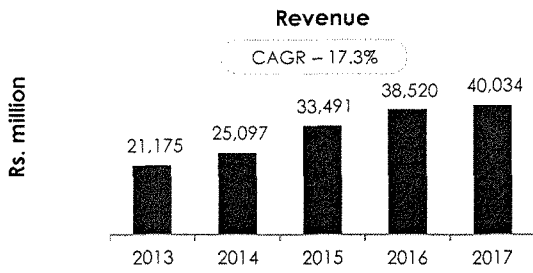
The following additional information is being provided to facilitate such understanding:

(INR MN)	Q1 CY2018*	Q1 CY2017	Change	CY2017	CY2016	Change
Gross sales/income from operations (A)	11,223.73	10,508.87	6.8%	45,162.4	45,314.6	-0.3%
Excise duty on sale (B)	276.03	1,716.90	-83.9%	5,128.4	6,702.8	-23.5%
Net sales from operations (A-B)	10,947.70	8,791.97	24.5%	40,034.0	38,611.8	3.7%
EBITDA	1,726.94	1,372.36	25.8%	8,357.7	7,959.7	5.0%
Net profit for the period	197.38	68.94	186.3%	2,140.6	480.4	345.6%

Note: *Excise duty has been merged with GST from Q3 CY2017 onwards in India. Current number is pertaining to excise duty and other similar taxes in jurisdiction other than India

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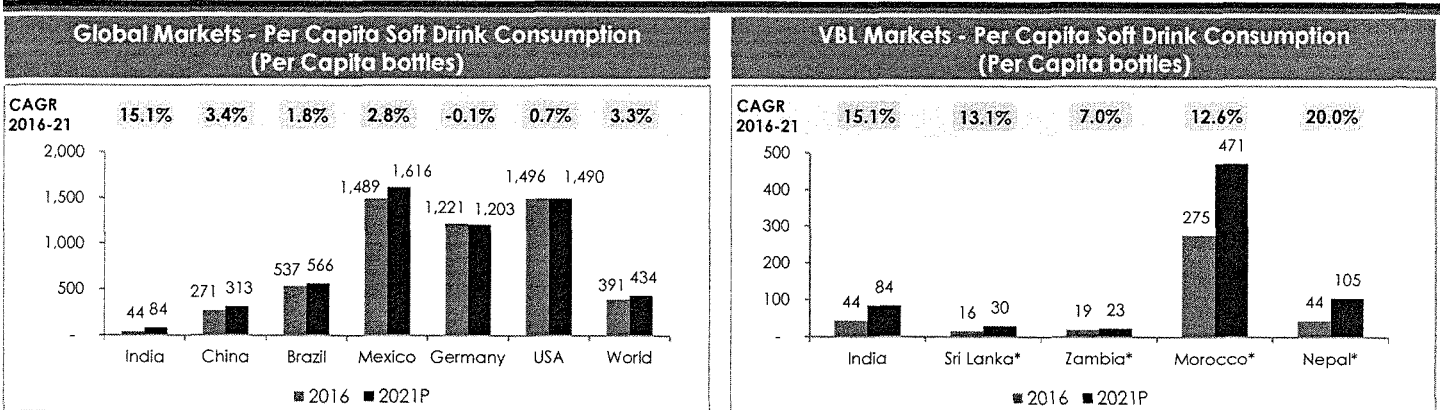
Financial Highlights (2013-17)



Note:

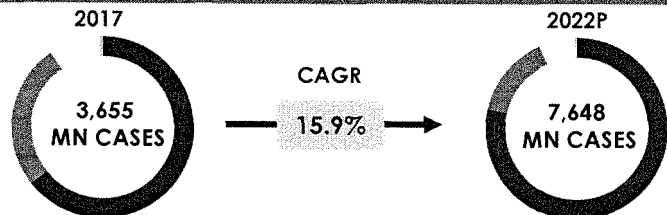
- Historically, till 2015, in debt equity ratio calculation, CCD's issued to Private Equity Investors were considered as Equity and deferred acquisition consideration to PepsiCo was excluded from the debt. From the year 2016, CCDs of private equity investors are converted into equity and interest free deferred acquisition consideration to PepsiCo has been considered in total debt.
- CY2017 financials are as per Ind AS and previous year numbers are as per IGAAP

Broad-based Growth To Continue Across Soft Drink Categories in India



Soft Drinks Industry - India

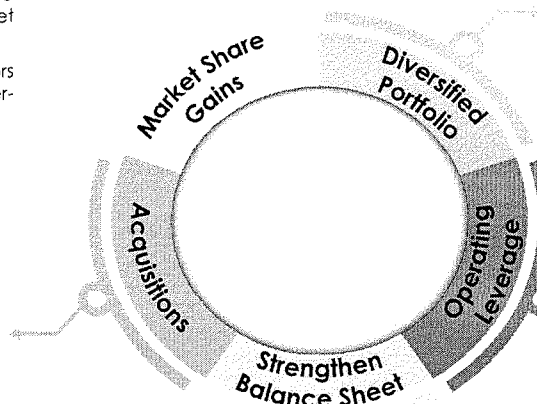
Million Cases	2016	2017	2022P	CAGR
Carbonates	919	949	1,122	3.4%
Juice	313	336	495	16.9%
Bottled Water	1,967	2,351	6,006	20.6%
Others**	18	19	25	6.3%
Total	3,217	3,655	7,648	15.9%



Source: Euromonitor Report; Note: * denotes Modelled Countries: Data for modelled countries is created by pegging countries outside Euromonitor's research programme to those we do research, linking together those with a similar consumer culture and development level. **Others = Concentrates, RTD Tea, Sports/Energy Drinks

- ▶ Well-positioned to leverage PepsiCo brand to increase market penetration in licensed territories
- ▶ Consolidating existing distributors and increasing distribution in under-penetrated regions

- ▶ Penetrate newer geographies – to compliment existing operations in India
- ▶ Identify strategic consolidation opportunities in South Asia / Africa



- ▶ To periodically launch innovative products in select markets in line with changing consumer preferences
- ▶ Focus on non-cola carbonated beverages and NCB's
- ▶ Bottled water provides significant growth opportunity

- ▶ Contiguous territories / markets offer better operating leverage and asset utilization – economies of scale
- ▶ Production and logistics optimization
- ▶ Packaging synchronization and innovations
- ▶ Technology use to improve sales and operations processes

- ▶ Repayment of debt through strong cash generation
- ▶ To enable significant interest cost savings

Conference Call Details

Varun Beverages Limited (VBL) Q1 CY2018 Earnings Conference Call

Time	• 4:00 pm IST on Friday, May 03, 2018
Conference dial-in Primary number	• +91 22 6280 1141 / +91 22 7115 8042
Local access number	• +91 70456 71221
International Toll Free Number	• Hong Kong: 800 964 448 • Singapore: 800 101 2045 • UK: 0 808 101 1573 • USA: 1 866 746 2133

About Us



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, Quaker Value-Added Dairy as well as packaged drinking water under the brand Aquafina.

VBL has been associated with PepsiCo since the 1990s and have over two and half decades consolidated its business association with PepsiCo, increasing the number of licensed territories and sub-territories covered by the Company, producing and distributing a wider range of PepsiCo beverages, introducing various SKUs in the portfolio, and expanding the distribution network. As on date, VBL has been granted franchises for various PepsiCo products across 21 States and two Union Territories in India. India is the largest market and contributed 75% 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 more information about us, please visit www.varunpepsi.com or contact:

Raj Gandhi / Deepak Dabas

Varun Beverages Ltd

Tel: +91 124 4643100 / +91 124 4643508

E-mail: raj.gandhi@rjcoro.in

deepak.dabas@rjcorp.in

Anoop Poojari / Varun Divadkar

CDR India

Tel: +91 22 6645 1211 / 97637 02204

E-mail: anoop@cdr-india.com

varun@cdr-india.com

Thank You!