



# 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.varunbeverages.com  
CIN No. : L74899DL1995PLC069839

May 13, 2024

To,

National Stock Exchange of India Ltd. Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Email: cmlist@nse.co.in <b>Symbol: VBL</b>	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 Email: corp.relations@bseindia.com <b>Security Code: 540180</b>
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**Sub: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Presentation on Unaudited Financial Results of the Company for the Quarter ended March 31, 2024**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith a copy of the Presentation on Unaudited Financial Results of the Company for the Quarter ended March 31, 2024.

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

You are requested to take the above on record.

Yours faithfully,  
**For Varun Beverages Limited**

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

**Encl.:** As above

May 13, 2024



*(a PepsiCo franchisee)*


# Varun Beverages Limited

## Q1 CY2024 Results Presentation



# Disclaimer

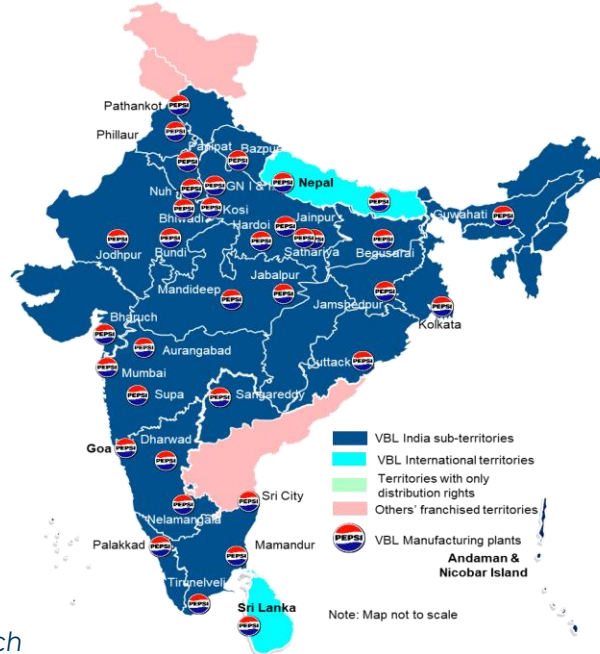
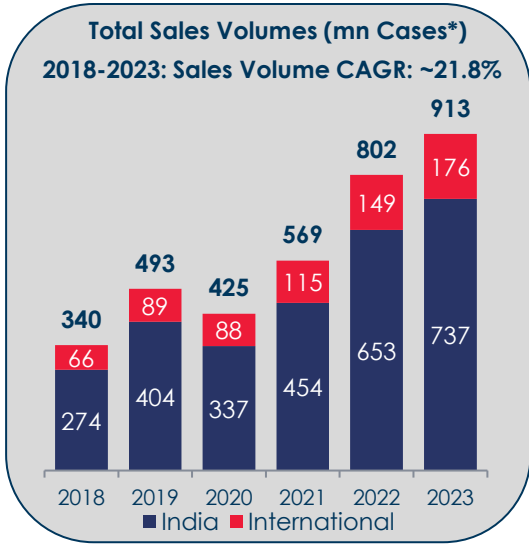
This communication contains certain forward-looking statements relating to the business, financial performance, strategy and results of Varun Beverages Limited (“VBL” or the “Company”) and/ or the industry in which it operates. Such forward-looking statements involve a number of risks, uncertainties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



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# Company Snapshot

- \* **Key player** in the global beverage industry with operations spanning across **10 countries** with franchise rights and additional **4 countries** with distribution rights.
- \* For fiscal year 2023, 3 territories in the Indian Subcontinent (India, Sri Lanka, Nepal) contributed **~83%** to revenues; 3 territories in Africa (Morocco, Zambia, Zimbabwe) contributed to **~17%** of total revenues.
- \* Over **32** years strategic association with PepsiCo – accounting for **90%+** of PepsiCo's beverage sales volume in India.



On 27<sup>th</sup> March, 2024, we consolidated the franchised territories of South Africa, Lesotho & Eswatini and the territories with distribution rights in Namibia, Botswana, Mozambique and Madagascar.



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

# Brand Portfolio

## Brands licensed by PepsiCo:

### Carbonated Soft Drinks



### Energy Drink



### Fruit Pulp / Juice Based Drinks



### Sports Drink



### Carbonated Juice Based Drinks



### Ice Tea



### Packaged Water



### Snacks#



## Own Brands^:

### Carbonated Soft Drinks



### Energy Drink



### Packaged Water



### Dairy Based Beverages\*



# Manufacturing of Cheetos & Distribution of Frito Lay, Doritos and Cheetos in Morocco; Co-manufacturing of Kurkure Puffcorn in India.

^ Manufacturing & Distribution of own brands is restricted in select territories.

\* "CreamBell" trademark has been licensed to be used by VBL for ambient temperature value added dairy based beverages.

# Symbiotic Relationship with PepsiCo

## VBL – Demand Delivery

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



## PepsiCo – Demand Creation

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

# Key Player in the Beverage Industry – Business Model

VBL- END-TO-END EXECUTION ACROSS VALUE CHAIN

MANUFACTURING		
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Concentrate (PepsiCo)</div> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Other Raw Materials</div> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Bottling</div> </div>	<ul style="list-style-type: none"> <li>47 state-of-the-art production facilities (36 in India &amp; 11 in International territories) (pipeline – Kinshasa in DRC)</li> </ul>	<div style="background-color: #e53935; color: white; padding: 10px; border-radius: 10px; text-align: center;">SOLID INRASTRUCTURE</div>
<p style="text-align: center;"><b>DISTRUBUTION &amp; WAREHOUSING</b></p>	<ul style="list-style-type: none"> <li>130+ depots</li> <li>2,500+ primary distributors</li> <li>2,500+ owned vehicles</li> </ul>	<div style="background-color: #e53935; color: white; padding: 10px; border-radius: 10px; text-align: center;">ROBUST SUPPLY CHAIN</div>
<p style="text-align: center;"><b>CUSTOMER MANAGEMENT</b></p>	<ul style="list-style-type: none"> <li>Installed 1.02 million + visi-coolers</li> <li>VBL - local level promotion and in-store activation</li> <li>PepsiCo - brand development &amp; consumer marketing</li> </ul>	<div style="background-color: #e53935; color: white; padding: 10px; border-radius: 10px; text-align: center;">DEMAND DELIVERY</div>
<p style="text-align: center;"><b>IN-MARKET EXECUTION</b></p>	<ul style="list-style-type: none"> <li>Experienced region-specific sales team</li> <li>Responsible for category value/volume growth</li> <li>Path created for reaching out to every 5<sup>th</sup> person in the world</li> </ul>	<div style="background-color: #e53935; color: white; padding: 10px; border-radius: 10px; text-align: center;">MARKET SHARE GAINS</div>
<p style="text-align: center;"><b>COST EFFICIENCIES</b></p>	<ul style="list-style-type: none"> <li>Production optimization</li> <li>Backward integration (3 exclusive + 13 integrated plants)</li> <li>Innovation (packaging etc.)</li> </ul>	<div style="background-color: #e53935; color: white; padding: 10px; border-radius: 10px; text-align: center;">MARGIN EXPANSION</div>
<p style="text-align: center;"><b>CASH MANAGEMENT</b></p>	<ul style="list-style-type: none"> <li>Working capital efficiencies</li> <li>Disciplined capex investment</li> <li>Territory acquisition</li> </ul>	<div style="background-color: #e53935; color: white; padding: 10px; border-radius: 10px; text-align: center;">ROE EXPANSION / FUTURE GROWTH</div>





## Commenting on the performance for Q1 CY2024, Mr. Ravi Jaipuria, Chairman – Varun Beverages Limited said:

*"In spite of delay in the holi festival by 17 days resulting in delayed seasonality cycle, we are pleased to report a reasonably strong overall operational and financial performance in the first quarter of the year. We achieved a consolidated sales revenue growth of 10.9% with a break-up of volume growth of 7.2% and net realization per case growth of 3.5% in Q1, reflecting an improved product mix in India and higher contributions from international markets. Overall, EBITDA increased by 23.9% year on year and PAT increased by 24.9%.*

*Further, our sustainability efforts, including the focus on reducing sugar content, removal of corrugated pads in packaging, and light-weighting of packaging material have started showing results by increase in gross margins. During last quarter, we also published our sustainability report in accordance with the GRI reporting standards. We are committed to transparency and accountability in our sustainability reporting practices, and we believe that using the GRI Standards allows us to provide comprehensive and comparable information to our stakeholders.*

*To fulfil our growth commitment in our core market i.e. India, we commenced three new greenfield facilities located in Supa, Maharashtra; Gorakhpur, Uttar Pradesh; and Khordha, Odisha. This expansion is designed to meet the rising demand for beverages in India and support our long-term growth trajectory.*

*Our greenfield plant at DRC is expected to start by the next quarter.*

*A significant highlight of the quarter was the successful completion of the strategic acquisition of The Beverage Company (BevCo) in South Africa. This move has notably expanded our footprint and fortified our presence across several dynamic markets in the African region.*

*Furthermore, Varun Beverages Morocco SA, a wholly-owned subsidiary, has entered into an Exclusive Snacks Appointment Agreement to manufacture and package Cheetos in Morocco, by May 2025. This agreement complements our existing distribution of PepsiCo's snack portfolio, marking another step forward in our strong symbiotic partnership.*

*In nutshell, we have fueled three growth engines which shall gradually and consistently contribute to revenue and profitability growth in the Company. First growth engine is the South Africa's combined territory with Lesotho, Eswatini, Namibia, Botswana, Mozambique and Madagascar. Second growth engine is entry into new territory of DRC where PepsiCo is not present at all as of now, the commercial production here from our new state of the art greenfield plant is expected to start from the next quarter. The third growth engine is entry into snack food production by May 2025 in Morocco. "*

# Key Developments

## 1. Acquisition of South Africa and neighboring territories:

- Consummated the acquisition of The Beverage Company (Proprietary) Limited, South Africa along-with its wholly-owned subsidiaries ("BevCo"). Accordingly, Bevco has become subsidiary of our Company with effect from Mar 27, 2024.
- This acquisition has allowed us to consolidate our presence in franchised territories in South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia, Botswana, Mozambique, and Madagascar.

## 2. Snacks appointment agreement to manufacture and package “Cheetos” in Morocco:

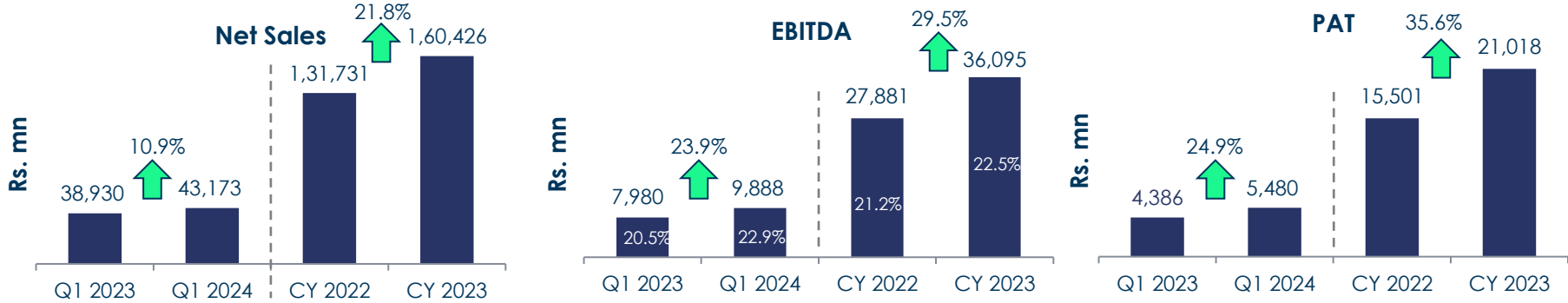
- Varun Beverages Morocco SA (a wholly owned subsidiary of the Company) has entered into an Exclusive Snacks Appointment Agreement to manufacture and package Cheetos in the territory of Morocco effective May 1, 2025 i.e. the expected date of start of commercial production from our own manufacturing facility.
- This appointment is in addition to the existing distribution agreement for PepsiCo's snacks portfolio consisting of Lays, Cheetos, Doritos in the territory of Morocco.

## 3. Commencement of Commercial Production at 3 Greenfield facilities:

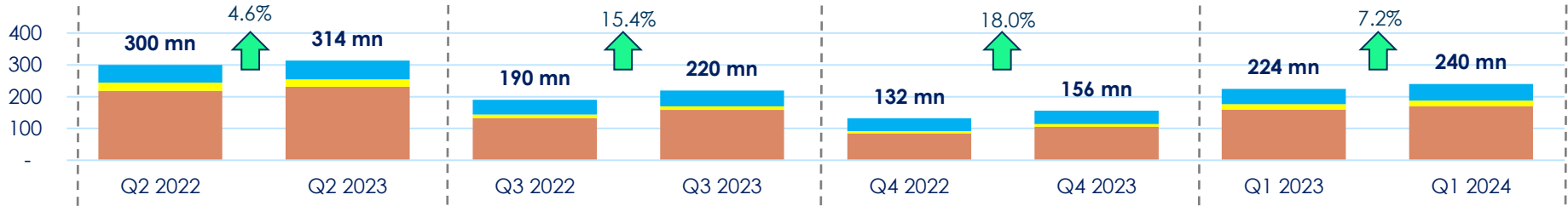
- For CY2024 season, we commissioned three greenfield production facilities in India as follows –
  - in Supa, Maharashtra on Jan 25, 2024 with total capex outlay of ~ INR 10,000 MN,
  - in Gorakhpur; Uttar Pradesh on Apr 13, 2024 with total capex outlay of ~ INR 11,000 MN, and
  - in Khordha; Odisha on Apr 30, 2024 with total capex outlay of ~ INR 7,000 MN.
- Further, we have set-up / expanded backward integration facilities at Guwahati plant as well as all the three above mentioned greenfield plants.

## 4. Approval for incorporation of Varun Foods (Zimbabwe) Pvt. Ltd. to carry on the business of food products.

# Results Overview



## Quarterly Sales Volumes (Category-wise mn unit cases)



Period	Q2 2022		Q2 2023		Q3 2022		Q3 2023		Q4 2022		Q4 2023		Q1 2023		Q1 2024	
CSD	219	73%	232	74%	133	70%	159	72%	85	65%	106	68%	160	71%	169	71%
Juice	26	9%	23	7%	11	5%	11	5%	7	5%	8	5%	16	7%	18	7%
Water	55	18%	59	19%	46	25%	50	23%	40	30%	42	27%	48	22%	53	22%

# Consolidated Profit & Loss Statement

Particulars (Rs. million)	Q1 2024	Q1 2023	YoY(%)	CY 2023	CY 2022	YoY (%)
1. Income						
(a) Revenue from operations	43,979.80	39,525.91	11.3%	163,210.63	133,905.58	21.9%
(b) Excise Duty	806.67	596.16	35.3%	2,784.82	2,174.16	28.1%
<b>Net Revenues</b>	<b>43,173.13</b>	<b>38,929.75</b>	<b>10.9%</b>	<b>160,425.81</b>	<b>131,731.42</b>	<b>21.8%</b>
(c) Other income	83.53	101.36	-17.6%	793.59	388.49	104.3%
2. Expenses						
(a) Cost of materials consumed	19,309.22	19,643.11	-1.7%	70,264.61	64,170.92	9.5%
(b) Purchase of stock-in-trade	2,352.15	1,217.30	93.2%	4,626.96	1,885.71	145.4%
(c) Changes in inventories of FG, WIP and stock-in-trade	(2,785.88)	(2,343.25)	-18.9%	(842.69)	(3,445.07)	75.5%
(d) Employee benefits expense	3,936.72	3,391.22	16.1%	14,465.87	12,166.42	18.9%
(e) Finance costs	936.87	625.72	49.7%	2,680.99	1,861.22	44.0%
(f) Depreciation, amortisation and impairment expense	1,875.16	1,721.99	8.9%	6,809.06	6,171.89	10.3%
(g) Other expenses	10,473.31	9,040.99	15.8%	35,816.21	29,072.39	23.2%
<b>Total expenses</b>	<b>36,097.55</b>	<b>33,297.08</b>	<b>8.4%</b>	<b>133,821.01</b>	<b>111,883.48</b>	<b>19.6%</b>
<b>EBITDA</b>	<b>9,887.61</b>	<b>7,980.38</b>	<b>23.9%</b>	<b>36,094.85</b>	<b>27,881.05</b>	<b>29.5%</b>
3. Profit before share of loss of associate and joint venture (1-2)	7,159.11	5,734.03	24.9%	27,398.39	20,236.43	35.4%
4. Share of loss of associate and joint venture	(1.61)	(0.27)	NA	(4.79)	(0.06)	NA
<b>5. Profit before tax (3+4)</b>	<b>7,157.50</b>	<b>5,733.76</b>	<b>24.8%</b>	<b>27,393.60</b>	<b>20,236.37</b>	<b>35.4%</b>
6. Tax expense	1,677.68	1,348.04	24.5%	6,375.47	4,735.23	34.6%
<b>7. Net profit after tax (5-6)</b>	<b>5,479.82</b>	<b>4,385.72</b>	<b>24.9%</b>	<b>21,018.13</b>	<b>15,501.14</b>	<b>35.6%</b>

# Discussion on Financial & Operational Performance

## Sales Volumes / Net Revenues

- Consolidated sales volume grew by 7.2% to 240.2 million cases in Q1 CY2024 from 224.1 million cases in Q1 CY2023.
- During the quarter, India territory grew by 4.4% and International markets by 21.9%, in spite of delay in the holi festival by 17 days resulting in delayed seasonality cycle.
- Net realization per case increased by 3.5% in Q1 CY2024 to Rs. 179.7 on account of improving product mix in India and higher contribution of International markets which have higher realization per case.
- Net Revenue from operations grew by 10.9% YoY in Q1 CY2024 to Rs. 43,173.1 million from Rs. 38,929.8 million in Q1 CY2023 primarily due to growth in India (7.0%) and in International markets (29.8%). CSD constituted 71%, JBD 7% and Packaged Drinking Water 22% in Q1 CY2024.

## Gross Margins / EBITDA

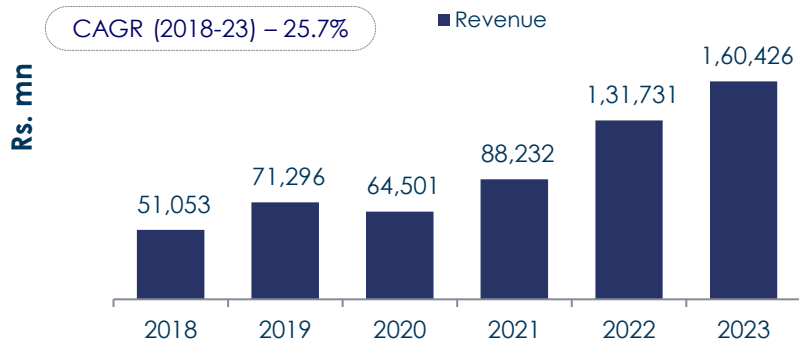
- Gross margins improved by 385 bps to 56.3% from 52.4% during Q1 CY2024 primarily due to reduced PET prices as well as the focus on reducing sugar content and light-weighting of packaging. Approx. 46% of our consolidated sales volumes come from Low sugar / No sugar products.
- EBITDA increased by 23.9% to Rs. 9,887.6 million YoY and EBITDA margin improved by 240 bps to 22.9% in Q1 CY2024, led by higher gross margins and increased realization. This improvement is in spite of rise in fixed costs associated with the acquisition of new territories and commissioning of new greenfield plants for the season.

## PAT

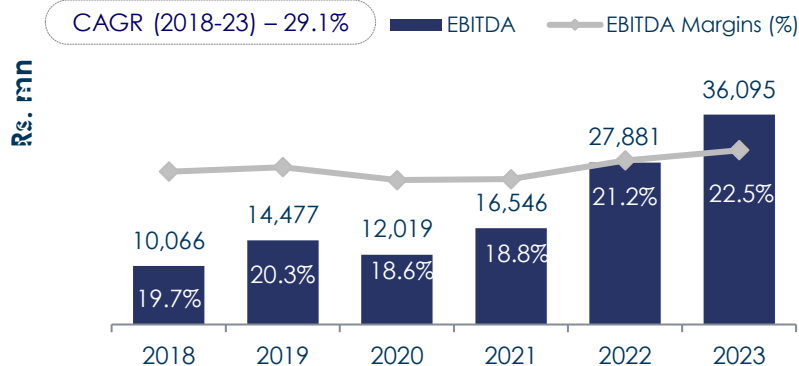
- PAT increased by 24.9% to Rs. 5,479.8 million in Q1 CY2024 from Rs. 4,385.7 million in Q1 CY2023 driven by volume growth, increase in net realization and improved profit margins.
- Depreciation increased by 8.9% in Q1 CY2024 on account of capitalization of assets and setting-up of new production facilities.
- Finance cost increased by 49.7% in Q1 CY2024 primarily due to increased debt for acquisition & capex as well as increased cost of borrowing.

# Performance Highlights (CY2018 – CY2023)

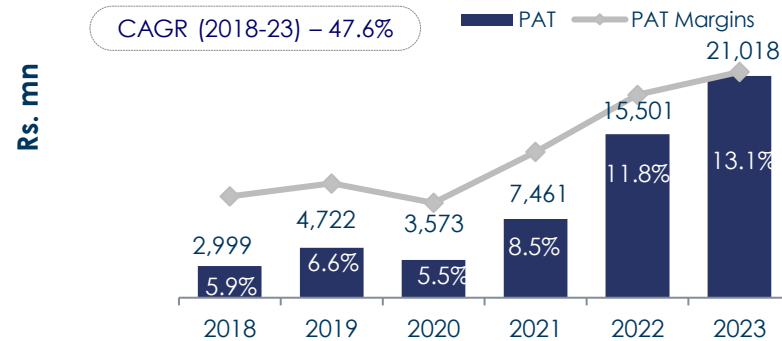
## REVENUE



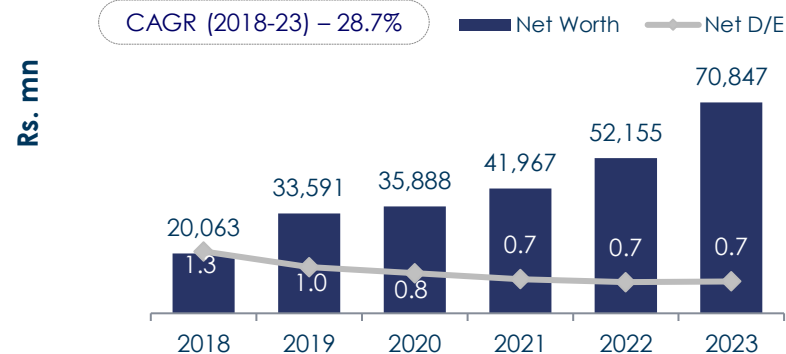
## EBITDA



## PAT



## NET WORTH



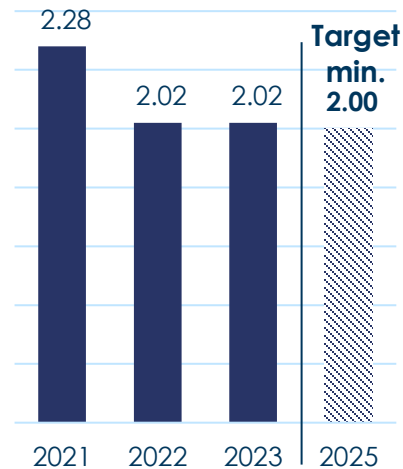
# Sustainability Initiatives - Water Stewardship

Parameter (mn KL)	CY2021	CY2022	CY2023
Fresh Water Usage Details:	Certified	Certified	Certified
Total water consumption (A)	4.86	6.32	6.39
Beverage production (B)	2.57	3.73	4.14
Water Usage Ratio (A/B)	1.89 times	1.70 times	1.54 times
Water recharge (C)	11.10	12.79	12.95
Water recharge ratio (C/A)	2.28 times	2.02 times	2.02 times
# ponds/check-dams adopted	110	116	124

Water assurance conducted by Deutsch Quality Systems (India) Private Ltd. Scope covered all manufacturing plants in India.

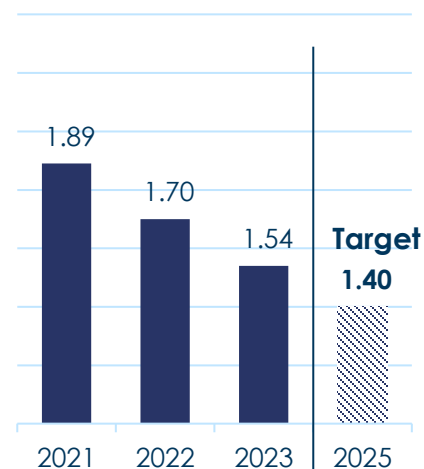
- Key water conservation initiatives included rain water harvesting, ponds adoption, development & maintenance, waste water management on the principles of Reduce, Reuse and Recycle, for optimal water consumption.
- 100% of the water discharged from our manufacturing operations goes to effluent treatment plants that ensure sufficient quality of discharged water.

## Water Recharge Ratio#



# Total water recharged per litre of water consumed

## Water Usage\*

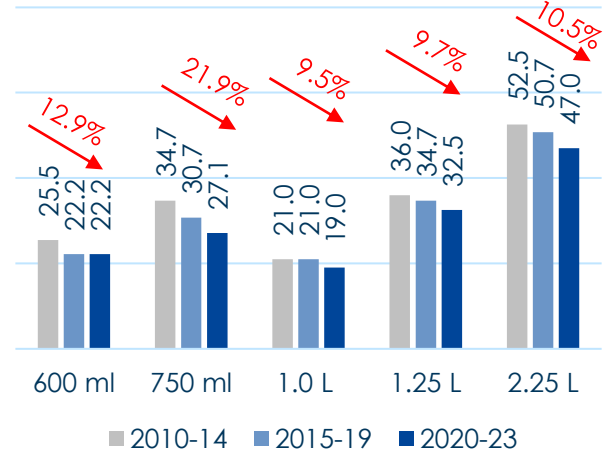


\* Litres of water consumed per litre of beverage produced

- In CY23, out of the 33 plants in India, 7 plants fall in "over-exploited" / "critical" category of Central Ground Water Authority of India which contributed ~16% of total production.
- The balance 26 plants contributed ~84% of the total production in CY23.

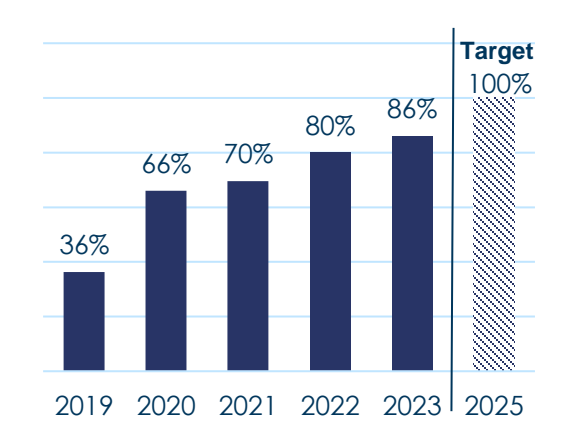
# Sustainability Initiatives – Plastic Waste Management

## Weight Reduction of Pre-forms (grams)



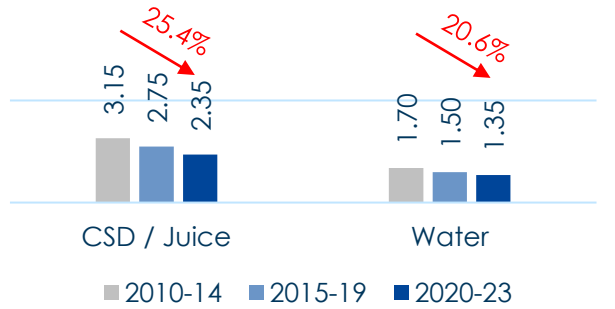
Plastic usage reduction through light weighting of Preforms and Closures for PET bottles.

## Plastic Waste Recycling %

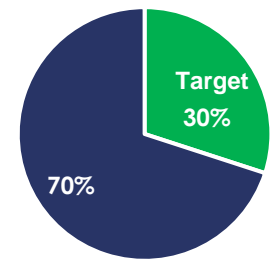


Plastic Waste Recycling % = % of plastic waste recycled per kg of PET sold in finished products. Plastic waste includes PET, shrink film, plastic closures, labels & laminates post consumption

## Weight Reduction of Closures (grams)



## rPET bottles %



- **Certified by GEM Enviro Management Pvt. Ltd.**, a Delhi based Central Pollution Control Board ("CPCB") recognized PRO (Producer Responsible Organization).
- VBL has engaged with GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles.
- VBL has introduced 100% recycled PET bottles for Pepsi Black in certain sub-territories.
- VBL has entered into a joint venture with Indorama and set a target to use **30% rPET in the total PET packaging by 2025.**



# Sustainability Initiatives - Climate Action

mn Kg CO<sub>2</sub>e

Grams / litre\*

GHG Emissions	mn Kg CO <sub>2</sub> e		Grams / litre*	
	CY 2020	CY 2023	CY 2020	CY 2023
Scope 1	26.84	42.93	14.01	10.36
Scope 2	129.11	210.41	67.39	50.79
Scope 3	534.76	581.93	279.14	140.47
<b>Total</b>	<b>690.70</b>	<b>835.27</b>	<b>360.54</b>	<b>201.62</b>

\* Grams / litre = Grams of CO<sub>2</sub>e emission per litre of beverage produced during the year

GHG emissions are certified by **Deutsch Quality Systems (India) Private Limited (DQS India)**, an Internationally reputed independent field expert. Scope 1 and Scope 2 emissions are verified according to the requirements of ISO 14064-1.

For more details, please refer to our latest Sustainability Report <https://varunbeverages.com/wp-content/uploads/2024/03/1-Placement-Document-1.pdf>, our GRI Report - <https://varunbeverages.com/wp-content/uploads/2024/02/VBL-Sustainability-Report-CY2022.pdf> and the website - <https://varunbeverages.com/sustainability/>

Reduction of Carbon emissions / litre  
(base year – 2020)



**Achievement:**

↓ ~44% reduction in 2023 over base year

**Target:**

↓ 50% reduction in 2030 over base year

**Reduce GHG Emissions ↓**



Solar

Plantation

EV for last mile

Efficient V3j-Cooler

## Varun Beverages Limited Q1 CY2024 Earnings Conference Call

**Time** • Monday, May 13, 2024 at 2:30 PM IST

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

**International Toll Free Number**

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

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

VBL has been associated with PepsiCo since the 1990s and have over two and half decades consolidated its business association with PepsiCo, increasing the number of licensed territories and sub-territories covered by the Company, producing and distributing a wider range of PepsiCo beverages, introducing various SKUs in the portfolio, and expanding the distribution network. As on date, VBL has been granted franchises for various PepsiCo products across 27 States and 7 Union Territories in India. India is the largest market and contributed ~79% of revenues from operations (net) in Fiscal 2023. VBL has also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa, Lesotho, Eswatini & DRC and distribution rights for Namibia, Botswana, Mozambique and Madagascar.

*For more information about us, please visit [www.varunbeverages.com](http://www.varunbeverages.com) or contact:*

Raj Gandhi / Deepak Dabas / Manjit Singh Chadha

**Varun Beverages Ltd**

**Tel:** +91 124 4643100 / +91 9871100000 / +91 9810779979

**E-mail:** [raj.gandhi@rjcorp.in](mailto:raj.gandhi@rjcorp.in)

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**Thank You!**

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