



# VARUN BEVERAGES LIMITED



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Ph.: +91-124-4643100-500 • Fax: +91-124-4643303/04 E-mail : info@rjcorp.in • Visit us at : www.varunpepsi.com  
CIN No. : L74899DL1995PLC069839

May 2, 2023

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: Presentation on Unaudited Financial Results of the Company for the Quarter ended March 31, 2023**

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, 2023.

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 2, 2023



*(a PepsiCo franchisee)*


# Varun Beverages Limited

## Q1 CY2023 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.

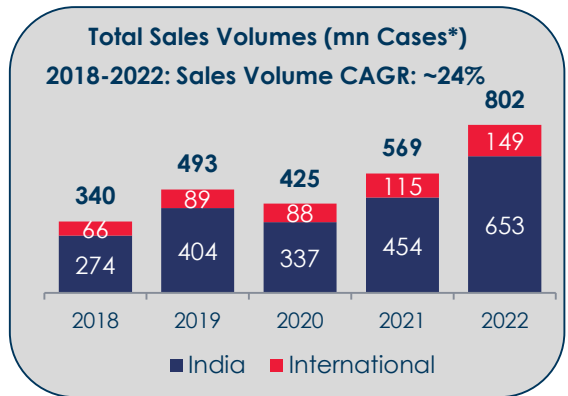
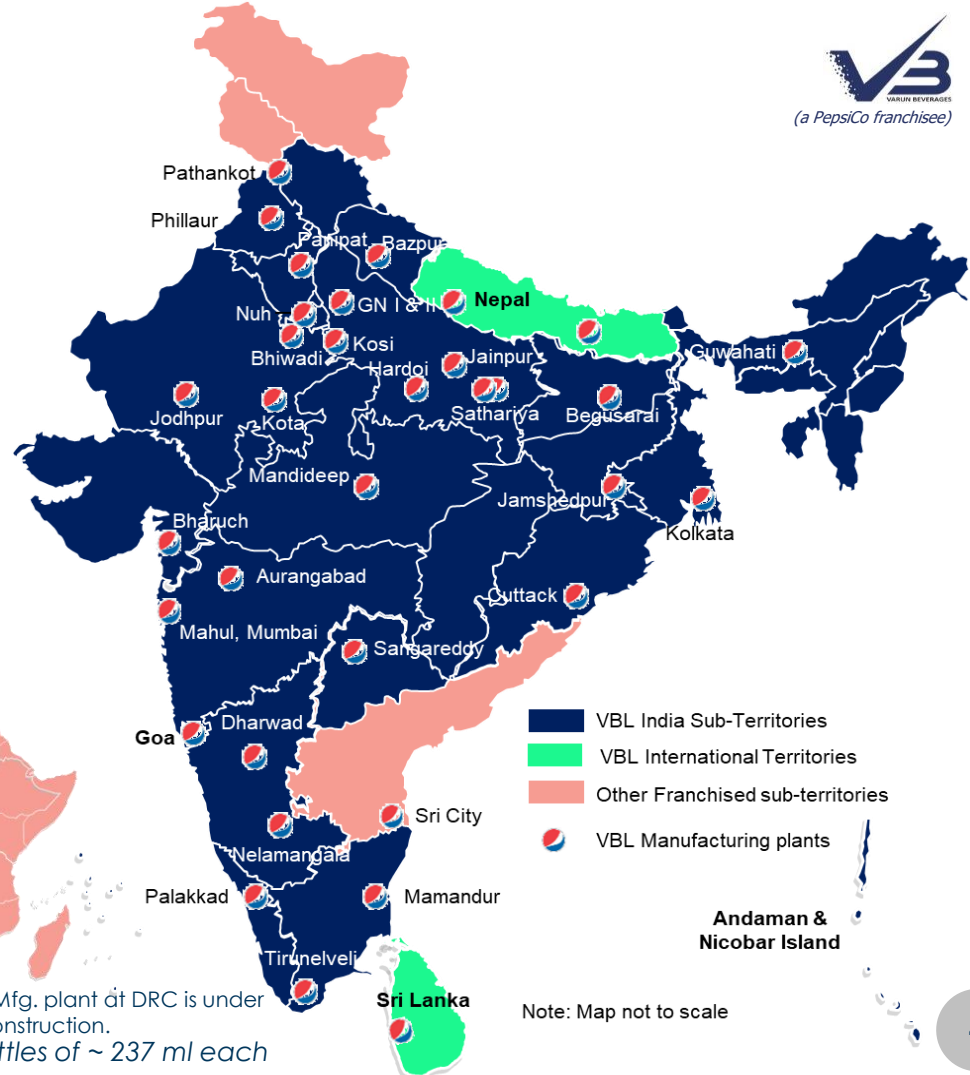


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# Company Snapshot



- \* **Key player** in the beverage industry
- \* Operations spanning across **6 countries** – 3 in the Indian Subcontinent (India, Sri Lanka, Nepal) contribute **~85%** to revenues; 3 in Africa (Morocco, Zambia, Zimbabwe) contribute **~15%** for fiscal year 2022
- \* Over **31** years strategic association with PepsiCo – accounting for **~90%** of PepsiCo's beverage sales volume in India and present in 27 States and 7 UTs



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

# Brands Licensed to VBL

## Brands licensed by PepsiCo:

### Carbonated Soft Drinks



### Energy Drink



### Club Soda



### Carbonated Juice Based Drinks



### Fruit Pulp / Juice Based Drinks



### Ice Tea



### Sports Drink



### Packaged Water



### Dairy Based Beverages\*

#### Mango Shake



#### Cold Coffee

#### Belgian Choco



#### Kesar Badam

#### Elaichi



\* Note: "CreamBell" trademark, an established brand, 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

<p style="text-align: center;"><b>MANUFACTURING</b></p> <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>38 state-of-the-art production facilities (32 in India &amp; 6 in International territories)</li> </ul>	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;"><b>SOLID INRASTRUCTURE</b></p>
<p style="text-align: center;"><b>DISTRUBUTION &amp; WAREHOUSING</b></p>	<ul style="list-style-type: none"> <li>110+ depots</li> <li>2,400+ primary distributors</li> <li>2,500+ owned vehicles</li> </ul>	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;"><b>ROBUST SUPPLY CHAIN</b></p>
<p style="text-align: center;"><b>CUSTOMER MANAGEMENT</b></p>	<ul style="list-style-type: none"> <li>Installed 925,000+ visi-coolers</li> <li>VBL - local level promotion and in-store activation</li> <li>PepsiCo - brand development &amp; consumer marketing</li> </ul>	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;"><b>DEMAND DELIVERY</b></p>
<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>Responsible for reaching out to every 6<sup>th</sup> person in the world</li> </ul>	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;"><b>MARKET SHARE GAINS</b></p>
<p style="text-align: center;"><b>COST EFFICIENCIES</b></p>	<ul style="list-style-type: none"> <li>Production optimization</li> <li>Backward integration (3 plants)</li> <li>Innovation (packaging etc.)</li> </ul>	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;"><b>MARGIN EXPANSION</b></p>
<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>	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;"><b>ROE EXPANSION / FUTURE GROWTH</b></p>





## Commenting on the performance for Q1 CY2023, Mr. Ravi Jaipuria, Chairman – Varun Beverages Limited said:

*"We are pleased to share that the Company achieved remarkable operational and financial performance during the quarter despite weather disruptions in some parts of India in the month of March.*

*Moving onto our expansion plans, we are happy to report the commissioning of our greenfield production facility at Kota, Rajasthan and brownfield expansion at 6 facilities. The additional Greenfield plant in Jabalpur, MP is expected to be operational very soon. With regard to our international growth plans, construction of a new production facility in DRC has already started. We expect the facility to be operational before the year end.*

*Our energy drink product has achieved a significant share in our overall mix and has firmly established our leadership position in the category. Our focus now turns towards new performers like Value Added Dairy, Sports Drinks, and Juice segments to sustain the growth momentum. These products continue to be well received by consumers, providing us with the confidence that these products will fuel the Company's next leg of growth.*

*It gives me immense pleasure to announce, as approved by shareholders in our annual general body meeting, the final dividend of Re. 1 per share taking the total dividend payout for the full year to level of Rs. 3.5 per share. Furthermore, the Board recommended the split of existing equity shares of the Company from One equity share having face value of Rs. 10 each into Two equity shares having face value of Rs. 5 each. This is subject to the approval of equity shareholders of the Company.*

*We are also committed to safeguarding our environment and promoting sustainability in all our operations. One of the key ways we are doing this is by investing in PET recycling and implementing measures to improve energy and water efficiency. Our goal is to have a net positive impact on the environment, and we are continuously evaluating and implementing new ways to minimize our ecological footprint.*

*Overall, we are encouraged by our strong start and remain confident about delivering good performance this year. With our robust on-ground execution capabilities, expanding manufacturing capacities, and increasing distribution reach, we believe we are well-positioned to achieve sustainable growth in the medium to long term."*



## Commencement of Commercial Production in Kota and Brownfield Expansion at 6 facilities

- We have commissioned a new production facility at Kota, Rajasthan, as well as expanded our capacity at six existing locations.

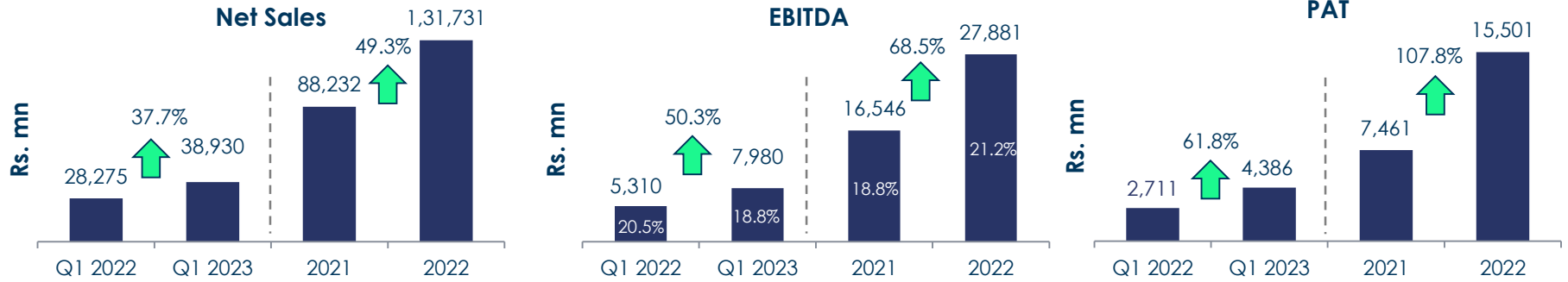
## Sub-division/split of existing equity shares of the Company

- The Board considered and recommended sub-division/split of existing equity shares of the Company from 1 (One) equity share having face value of Rs.10 each, fully paid-up, into 2 (Two) equity shares having face value of Rs. 5 each, fully paid-up, subject to the approval of equity shareholders of the Company through postal ballot as on the record date.

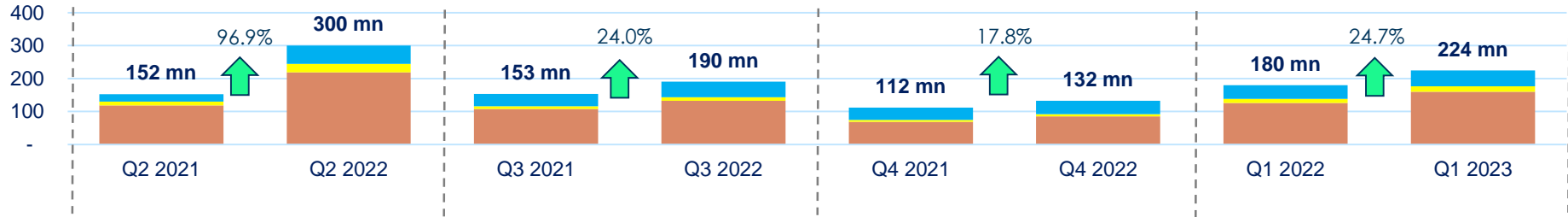
## Dividend

- Final dividend of Re. 1.00 (Rupee One only) per equity share of the face value of Rs. 10 each for the year ended 31 December 2022, was approved by the shareholders at the Annual General Meeting held on 27 March 2023 and subsequently paid in April 2023.

# Results Overview



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



Period	Q2 2021		Q2 2022		Q3 2021		Q3 2022		Q4 2021		Q4 2022		Q1 2022		Q1 2023	
CSD	118	78%	218	73%	108	70%	133	70%	68	61%	85	65%	126	70%	160	71%
Juice	11	7%	26	9%	8	5%	11	5%	6	5%	7	5%	13	7%	16	7%
Water	23	15%	55	18%	37	25%	46	25%	38	34%	40	30%	41	23%	48	22%

# Consolidated Profit & Loss Statement

Particulars (Rs. million)	Q1 2023	Q1 2022	YoY(%)	CY 2022	CY 2021	YoY (%)
1. Income						
(a) Revenue from operations	39,525.91	28,674.77	37.8%	133,905.58	89,582.91	49.5%
(b) Excise Duty	596.16	400.05	49.0%	2,174.16	1,350.61	61.0%
<b>Net Revenues</b>	<b>38,929.75</b>	<b>28,274.72</b>	<b>37.7%</b>	<b>131,731.42</b>	<b>88,232.30</b>	<b>49.3%</b>
(c) Other income	101.36	85.08	19.1%	388.49	679.25	-42.8%
2. Expenses						
(a) Cost of materials consumed	19,643.11	14,543.93	35.1%	64,170.92	39,689.13	61.7%
(b) Purchase of stock-in-trade	1,217.30	593.95	104.9%	1,885.71	1,654.69	14.0%
(c) Changes in inventories of FG, WIP and stock-in-trade	(2,343.25)	(1,436.06)	-63.2%	(3,445.07)	(997.22)	-245.5%
(d) Employee benefits expense	3,391.22	2,750.63	23.3%	12,166.42	10,076.99	20.7%
(e) Finance costs	625.72	469.55	33.3%	1,861.22	1,847.00	0.8%
(f) Depreciation, amortisation and impairment expense	1,721.99	1,313.19	31.1%	6,171.89	5,312.62	16.2%
(g) Other expenses	9,040.99	6,512.30	38.8%	29,072.39	21,262.26	36.7%
<b>Total expenses</b>	<b>33,297.08</b>	<b>24,747.49</b>	<b>34.5%</b>	<b>111,883.48</b>	<b>78,845.47</b>	<b>41.9%</b>
<b>EBITDA</b>	<b>7,980.38</b>	<b>5,309.97</b>	<b>50.3%</b>	<b>27,881.05</b>	<b>16,546.45</b>	<b>68.5%</b>
3. Profit before share of loss of associate and joint venture (1-2)	5,734.03	3,612.31	58.7%	20,236.43	10,066.08	101.0%
4. Share of loss of associate and joint venture	(0.27)	-	NA	(0.06)	-	NA
<b>5. Profit before tax (3+4)</b>	<b>5,733.76</b>	<b>3,612.31</b>	<b>58.7%</b>	<b>20,236.37</b>	<b>10,066.08</b>	<b>101.0%</b>
6. Tax expense	1,348.04	901.37	49.6%	4,735.23	2,605.56	81.7%
<b>7. Net profit after tax (5-6)</b>	<b>4,385.72</b>	<b>2,710.94</b>	<b>61.8%</b>	<b>15,501.14</b>	<b>7,460.52</b>	<b>107.8%</b>

# Discussion on Financial & Operational Performance

## Sales Volumes/ Net Revenues

- Sales volume grew by 24.7% to 224.1 million cases in Q1 CY2023 from 179.7 million cases in Q1 CY2022 driven by strong demand across regions in India. Domestic volumes grew by 28.0%.
- Net Revenue from operations grew by 37.7% YoY in Q1 CY2023 to Rs. 38,929.8 million driven by robust volume growth and increase in net realization.
- Net realization increased by 10.4% to Rs. 173.7 primarily due to price hike in selected SKUs taken towards the end of base quarter last year and continued improvement in mix of smaller SKUs (250ml).
- CSD constituted 71.2%, JBD 7.4% and Packaged Drinking Water 21.4% in CY2023.

## Gross Margins / EBITDA

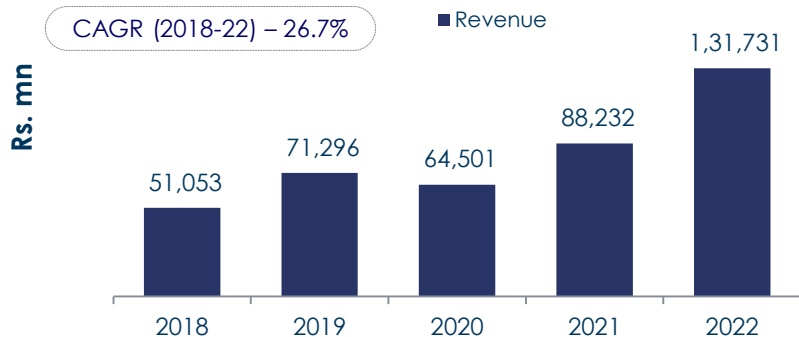
- Gross margins improved by 89 bps to 52.4% from 51.5% in Q1 CY2023 primarily driven by marginal savings in raw material prices and improved product mix.
- EBITDA increased by 50.3% to Rs. 7,980.4 mn and EBITDA margins improved by 172 bps to 20.5% in Q1 CY2023 driven by operational efficiencies on the back of strong revenue growth.

## PAT

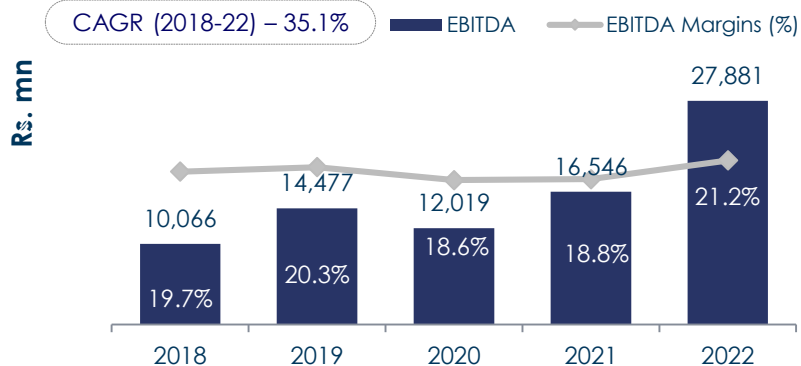
- PAT increased by 61.8% to Rs. 4,385.7 million in Q1 CY2023 from Rs. 2,710.9 million in Q1 CY2022 driven by high growth in revenue from operations, improvement in margins and transition to lower tax rate in India.
- Depreciation increased by 31% and Finance cost increased by 33% in Q1 CY2023 on account of capitalization of assets and setting-up of new production facilities.

# Performance Highlights (CY2018 – CY2022)

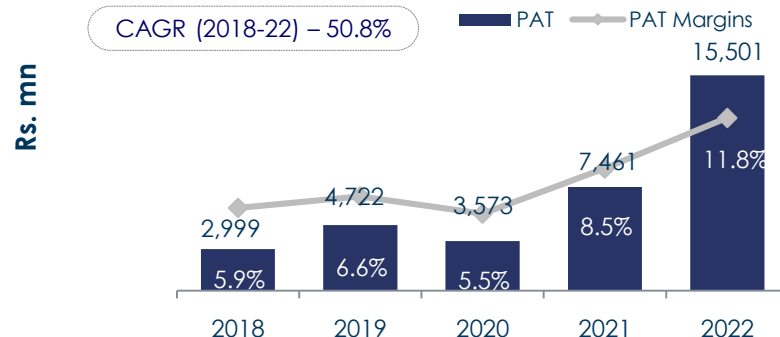
## REVENUE



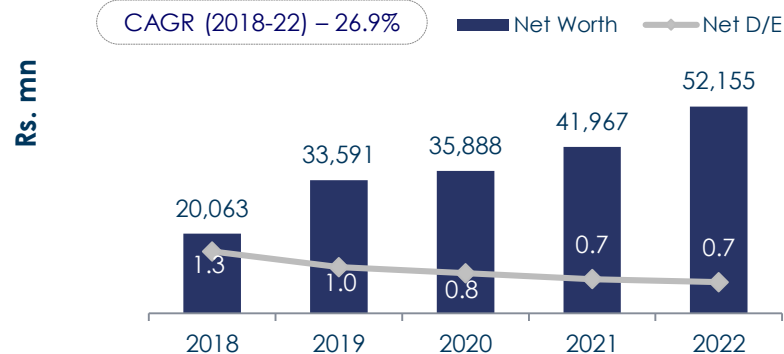
## EBITDA



## PAT



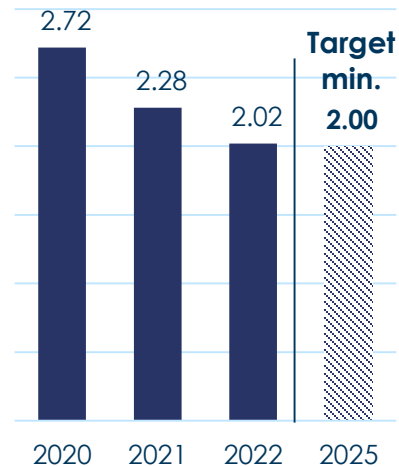
## NET WORTH



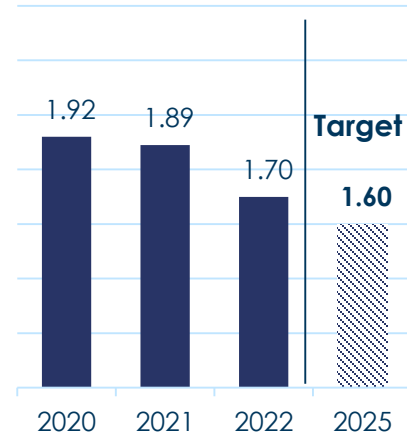
# Sustainability Initiatives - Water Stewardship

Parameter (mn KL)	CY2020	CY2021	CY2022
Fresh Water Usage Details:	Certified	Certified	Certified
Total water consumption (A)	3.74	4.86	6.32
Beverage production (B)	1.95	2.57	3.73
Water Usage Ratio (A/B)	1.92 times	1.89 times	1.70 times
Water recharge (C)	10.19	11.10	12.79
Water recharge ratio (C/A)	2.72 times	2.28 times	2.02 times
# ponds/check-dams adopted	108	110	116

## Water Recharge Ratio#



## Water Usage\*



CY22 data certified by Deutsch Quality Systems (India) Private Limited. Previous years are certified by TUV India Private Ltd.

# Total water recharged per litre of water consumed

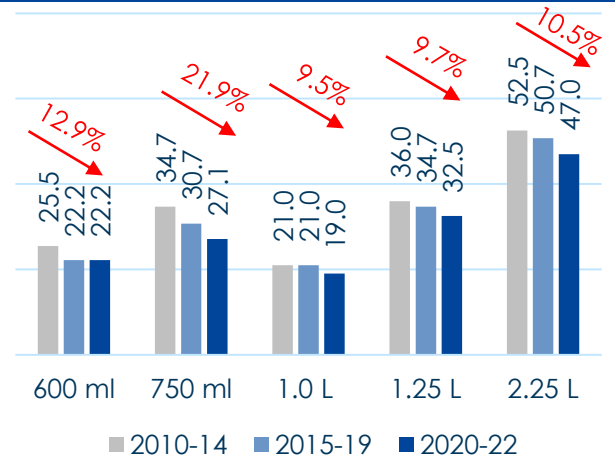
\* Litres of water consumed per litre of beverage produced

- 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.
- Our efforts towards water recharge continued however, sales volumes in CY20 & CY21 declined due to COVID-19 pandemic resulting in better water recharge ratio.

- Scope covered all manufacturing plants in India.
- 100% of the water discharged from our manufacturing operations goes to effluent treatment plants that ensure sufficient quality of discharged water.
- 21 plants of VBL contributing to ~68% of the total production in CY22 fall in the "Safe" category of Central Ground Water Authority of India or use surface water.

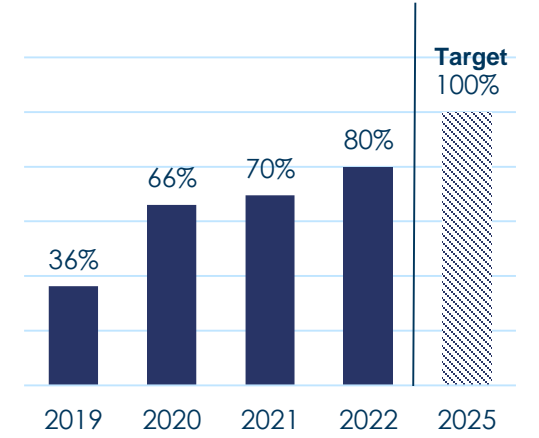
# Sustainability Initiatives – Plastic Waste Management

## Weight Reduction of Pre-forms (grams)



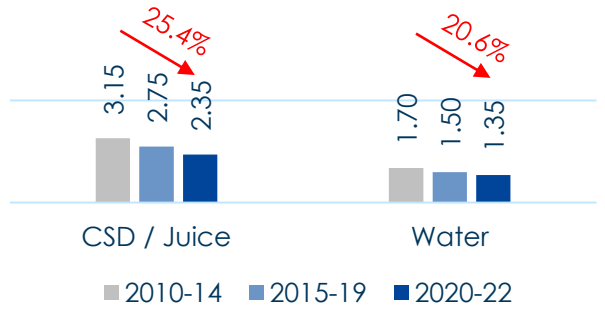
Plastic usage reduction through light weighting of Pre-forms and Closures for PET bottles. Phase-wise implementation of certain SKUs is under process

## 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)



**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.

For more details, please refer to our latest annual report <https://varunbeverages.com/wp-content/uploads/2023/03/VBL-AR-2022-annualReport.pdf> and the website - <https://varunbeverages.com/sustainability/>



# Sustainability Initiatives - Climate Action

GHG Emissions	mn Kg CO <sub>2</sub> e		Grams / litre*	
	CY 2020	CY 2022	CY 2020	CY 2022
Scope 1	26.84	51.94	14.01	13.93
Scope 2	129.11	224.45	67.39	60.20
Scope 3	534.76	580.42	279.14	155.67
<b>Total</b>	<b>690.70</b>	<b>856.81</b>	<b>360.54</b>	<b>229.80</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 annual report <https://varunbeverages.com/wp-content/uploads/2023/03/VBL-AR-2022-annualReport.pdf> and the website - <https://varunbeverages.com/sustainability/>

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



**Achievement:**

↓ 36% reduction in 2022 over base year

**Target:**

↓ 50% reduction in 2030 over base year

## Reduce GHG Emissions ↓



Solar



Plantation



EV for last mile



Efficient Viji-Cooler

## Varun Beverages Limited Q1 CY2023 Earnings Conference Call

**Time** • Tuesday, May 2, 2023 at 4:00 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 Orange, 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 ~80% of revenues from operations (net) in Fiscal 2022. 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](http://www.varunpepsi.com) or contact:*

Raj Gandhi / Deepak Dabas / Manjit Singh Chadha

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**Thank You!**

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