corp **VARUN BEVERAGES LIMITED**

Corporate Off : Plot No.31, Institutional Area, Sec.-44, Gurgaon, Haryana-122002 (India)
Ph.: +91-124-4643100-500 • Fax: +91-124-4643303/04 E-mail : info@rjcorp.in • Visit us at : www.rjcorp.in
CIN No. : L74899DL1995PLC069839

February 16, 2018

To,

BSE Limited 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 **Security Code No. 540180**	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 cmlist@nse.co.in **Symbol : VBL** **Series : EQ**

Sub: Presentation on Audited Financial Results

A copy of the Presentation on Audited Financial Results for the Financial Year ended December 31, 2017 is attached. Kindly upload the same on your websites.

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

Yours faithfully,
For Varun Beverages Limited

VARUN BEVERAGES LIMITED NEW DELHI

Ravi Batra
Chief Risk Officer & Group Company Secretary

Encl: As Above

February 16, 2018

VARUN BEVERAGES

(a PepsiCo franchisee)

Varun Beverages Limited

Q4 & CY2017 Results Presentation

Disclaimer

(a PepsiCo franchisee)

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 Limited (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.

Table of Content

(a PepsiCo franchisee)

Company Snapshot

(a PepsiCo franchisee)

Key player in the beverage industry

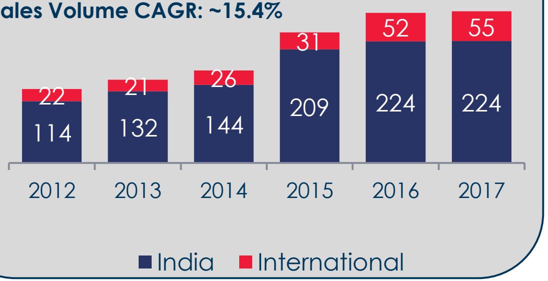
Operations spanning across **6 countries** – 3 in the Indian Subcontinent (India, Sri Lanka, Nepal) contribute ~**90%** to revenues; 3 in Africa (Morocco, Zambia, Zimbabwe) contribute ~10%

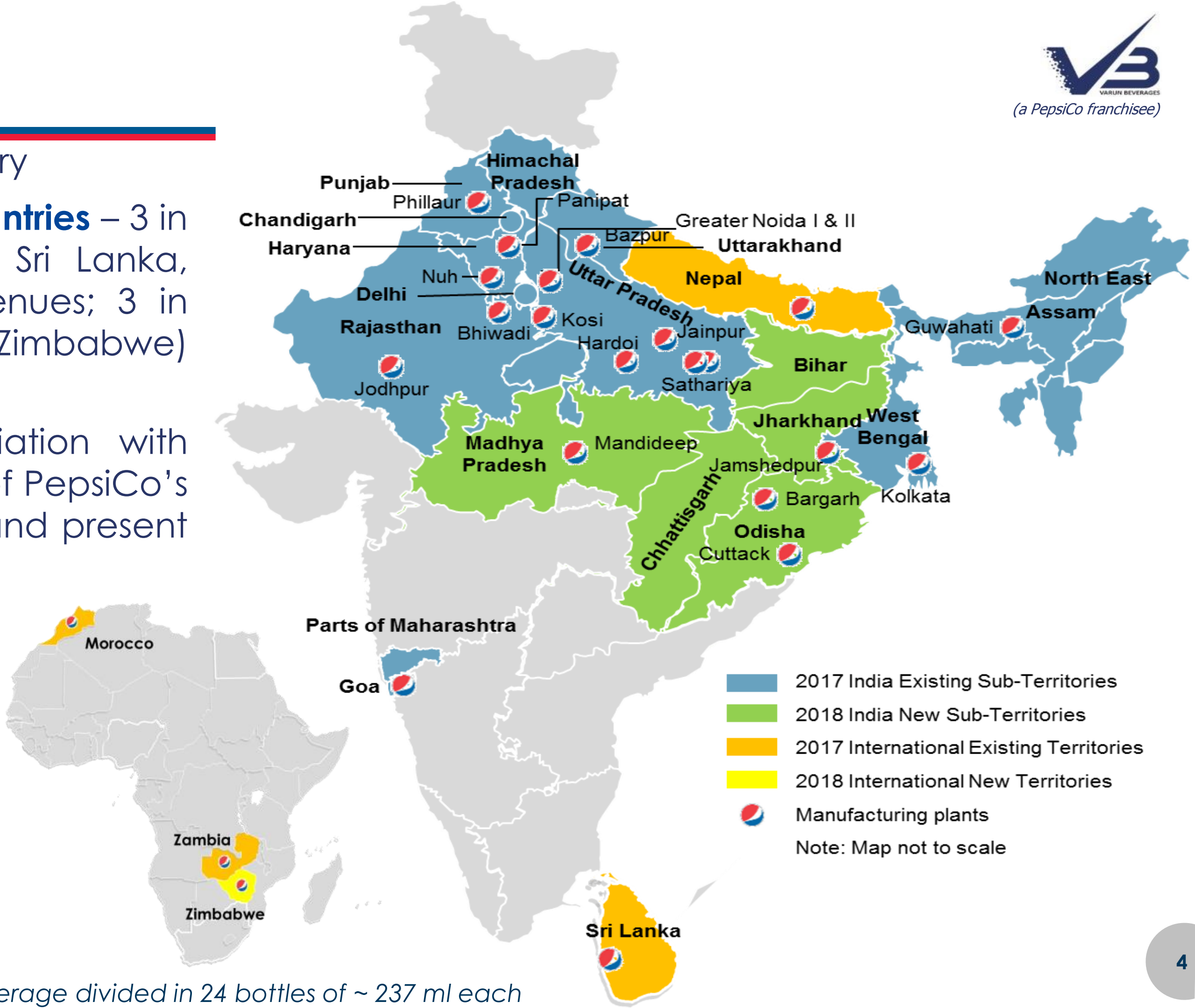
Over **25** years strategic association with PepsiCo – accounting for ~ **51%** of PepsiCo's beverage sales volume in India and present in 21 States and 2 UTs

Total Sales Volumes (MN Cases*)

2012-2017:

Sales Volume CAGR: ~15.4%





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

Juice Based Drinks

Carbonated Juices

Energy Drink

Packaged Water

Distribution:

Juice Based Drinks

Sports Drink

Dairy

Key Player in the Beverage Industry – Business Model

(a PepsiCo franchisee)

VBL- END-TO-END EXECUTION ACROSS VALUE CHAIN

MANUFACTURING: Concentrate (PepsiCo); Other Raw Materials; Bottling	▪ 23 state-of-the-art production facilities	**SOLID INRASTRUCTURE**
DISTRUBUTION & WAREHOUSING	▪ 72 owned depots ▪ 2,122 owned vehicles ▪ 1,049 primary distributors	**ROBUST SUPPLY CHAIN**
CUSTOMER MANAGEMENT	▪ VBL - local level promotion and in-store activation ▪ Installed 474,500 visi-coolers ▪ PepsiCo - brand development & consumer marketing	**DEMAND DELIVERY**
IN-MARKET EXECUTION	▪ Experienced region-specific sales team ▪ Responsible for category value/volume growth	**MARKET SHARE GAINS**
COST EFFICIENCIES	▪ Production optimization ▪ Backward integration ▪ Innovation (packaging etc)	**MARGIN EXPANSION**
CASH MANAGEMENT	▪ Working capital efficiencies ▪ Disciplined capex investment ▪ Territory acquisition	**ROE EXPANSION / FUTURE GROWTH**

Symbiotic Relationship with PepsiCo

(a PepsiCo franchisee)

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
- Concentrate Supply
- Brand Development – Consumer Pull Management

Chairman's Message

(a PepsiCo franchisee)

Commenting on the performance for Q4 & CY2017, Mr. Ravi Jaipuria, Chairman – Varun Beverages Limited said,

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

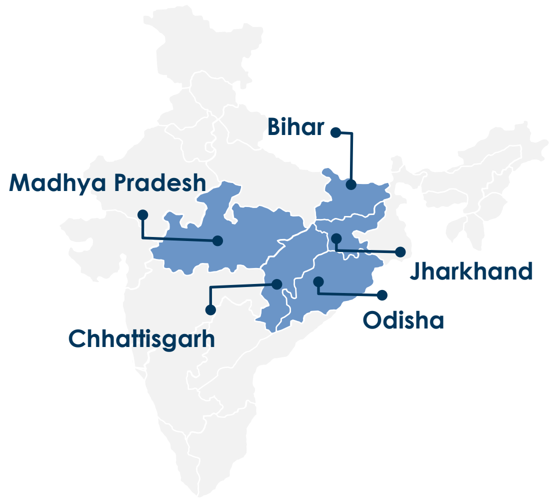
We have concluded the acquisition of PepsiCo India's previously franchised territories of the State of Odisha, parts of Madhya Pradesh, Chhattisgarh, Bihar and undergoing due-diligence in Jharkhand. These are highly under-penetrated regions and provide huge opportunity for increasing volumes and gaining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

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

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

Key Developments – Acquisition of territories

(a PepsiCo franchisee)



Concluded the acquisition of PepsiCo India's previously franchised territories of the State of Odisha and parts of Madhya Pradesh along with two manufacturing units at Bargarh (Odisha) and Bhopal (Mandideep, MP) w.e.f. 27th Sep 2017

Concluded the acquisition of PepsiCo India's previously franchised territory of the State of Chhattisgarh w.e.f. 11th Jan 2018

Acquired franchisee rights of PepsiCo India's previously franchised territory of the State of Bihar w.e.f. 17th Jan 2018

Acquired a manufacturing unit at Cuttack (Odisha) w.e.f. 19th Jan 2018

Signed BTA for the acquisition of PepsiCo India's previously franchised territories of the State of Jharkhand along with a manufacturing unit at Jamshedpur on 20th Dec 2017 (due-diligence process ongoing)

- Total consideration for above acquisitions is approx. Rs. 2,550 million and further we expect to spend approx. Rs. 350 million in upgrading the plant & machinery and marketing assets in these territories
- Newly acquired regions are highly under-penetrated and provide huge opportunity for increasing volumes and gaining market share
- These acquisitions are in line with the Company's strategy to expand into contiguous territories to garner better operating leverage and asset utilization through economies of scale
- With above acquisitions, VBL has got increment PepsiCo India volumes of 6% and additional consumer base of ~21% of India's population
- VBL is now a franchisee for PepsiCo products across 21 States and 2 Union Territories and accounts for ~51% of PepsiCo's beverage sales volumes in India

Key Developments - New Products Launches

(a PepsiCo franchisee)

PEPSI BLACK

- Launched Pepsi Black, a zero calorie cola flavor CSD product currently available in 250ml cans and 250 ml non-returnable glass bottles
- Launch is part of PepsiCo's plan to intensify focus on health and nutrition, reduce sugar content in beverages

- Launched Sting, a carbonated energy drink available in 250ml cans and 250 ml PET bottles with a highly competitive price point as compared to other brands in the segment
- The energy drinks contains approx. 50% less sugar than the regular CSD products and 70 calories per 250ml serving

STING

TROPICANA

- Entered into a strategic partnership for selling and distribution of the larger Tropicana portfolio that includes Tropicana Juices (100%, Delight, Essentials) in territories across North and East India

- Entered into a strategic partnership for selling and distribution of Gatorade and Quaker Value-Added Dairy in territories across North and East India

GATORADE / QUAKER OAT MILK

Key Developments

(a PepsiCo franchisee)

Rating Upgrade	Company's credit rating for long term debt of VBL got upgraded by one notch and short term debt rating continued to remain at top notch • Long Term Debt: CRISIL A+/Positive to CRISIL AA-/Stable • Short Term Debt / Commercial Paper: CRISIL A1+
Capacity Expansion / Rationalization	• Set up a new unit for manufacturing of Pepsi range of products at District Hardoi, Uttar Pradesh; commercial production / operation started with effect from May 3, 2017 • Goa operations got consolidated into a single larger facility to bring in operational efficiencies • One CSD glass line each from Sathariya-1 and Bazpur plant shifted to Nepal and Zimbabwe respectively • Have shut down 4 depots in India as part of rationalization exercise post GST implementation • Capex for CY17 is in line with depreciation (IGAAP) and to substantially reduce going forward
Expanded Presence in Africa	• Increased stake in Zambia subsidiary, Varun Beverages (Zambia) Limited, to 90% from 60% at reasonable valuations with an attractive payback given growth prospects and promising earnings potential • Enable VBL to consolidate a higher share of profits from the subsidiary going forward (2017 sales volumes of ~10 million cases; 2017 EBITDA of Rs. 275 million and 2017 PAT of Rs. 178million) • Established a greenfield production facility in Zimbabwe, an untapped market with huge potential, and as PepsiCo's sole franchisee will sell and distribute PepsiCo's products
Divestment	• Divested 41% stake in its Mozambique subsidiary, Varun Beverages Mozambique Limitada in view of limited opportunity to scale-up operations to turnaround the loss making subsidiary • Subsidiary contributed only 0.6% to the net revenues from operations in 2016 and recorded a loss of Rs. 135 million in 2016

Dividend Policy

(a PepsiCo franchisee)

With the listing of the Company in November 2016, the Board of Directors of the Company has decided to formalize a dividend policy, in line with good Corporate Governance practices.

Salient Features:-

- Endeavor to maintain a dividend payout in the range of 10-30% of annual profit after tax on standalone financials
- Certain financial parameters to be considered include earnings outlook, future capex requirements, organic growth plans, capital restructuring, debt reduction, cash flows, etc
- Certain external parameters to be considered include macro-economic environment, regulatory changes, technological changes, statutory and contractual restrictions, etc
- For a detailed perspective, please refer to the following link: Dividend Distribution Policy

Interim Dividend: The Board of Director's have recommended an interim dividend of Rs. 2.5/share in Q2 CY2017 which has been approved by the board as final dividend for CY2017.

- Resulted in a cash outflow of ~ Rs. 549.2 million (including dividend distribution tax payable)

Acquisition Guidelines

(a PepsiCo franchisee)

Varun Beverages effectively utilizes retained earnings for inorganic growth through acquisition of new territories. Acquisitions have been a key component of the Group's growth strategy for many years and substantially accelerated our revenue growth rate, and made a significantly positive contribution to our net income and cash flow. VBL applies stringent strategic and financial criteria to any potential acquisition or partnership. Further, to enhance transparency, the Board has decided to set few guidelines to further its M&A activities.

Acquisition Criteria:-

- The consideration for the target territory/sub-territory shall be upto 1.0x revenue(net of GST) ± 20%
- The investment will be made such that the consolidated Debt/EBITDA ratio remains under 3x post acquisition
- Acquisition of any territory/sub-territory shall be at an EV of under 6x
  - EV = Volume X EBITDA X 6
  - Volume = last one year proforma volumes of target territory/sub-territory
  - EBITDA = VBL's last one year EBITDA per unit case
- Any M&A related to PepsiCo franchise in the target territory/sub-territory shall be through VBL only
- For a detailed perspective, please refer to the following link: VBL-Guidelines for Acquisition in India

Discussion on Financial & Operational Performance – CY2017

(a PepsiCo franchisee)

Revenues / Sales Volumes

- Revenue from operations (net of excise / GST) grew 3.7% YoY in CY2017 to Rs. 40,034 million led by volume growth of 1.1% and value growth of ~ 2.5%
- Total sales volume were up 1.1% YoY at 278.8 million cases in CY2017 as compared to 275.8 million unit cases in CY2016
- During CY2017, CSD constituted 79%, Juice – 5% and Packaged Drinking water – 16% of total sales volumes
- Contribution from India is 75%; Rest of Indian Subcontinent (Nepal & Sri Lanka) is 14%; Africa is 11%

Operating Margins

- EBITDA increased by 5.0% to Rs. 8,358 million in CY2017 from Rs. 7,960 million in CY2016 and EBITDA margins have improved to 20.9% YoY from 20.6%.
- Sugar cost increased by 9.3% during the year which was partially offset by change in sales mix resulting in a marginal decline in Gross margins by 20 bps to 54.8%. Average price of other raw materials remained stable during the year
- Increase in volumes, consolidation of contiguous territories, new plants close to demand and robust backward integrated infrastructure has brought in significant cost efficiencies

Profit After Tax

As per IGAAP:

- PAT increased by 41.8% to Rs. 2,141 million in CY2017 from Rs. 1,510 million in CY2016
- Improvement is primarily on account of reduction in finance cost and improved EBITDA

As per IND AS:

- PAT increased by 345.6% to Rs. 2,141 million in CY2017 from Rs. 480 million in CY2016
- Previous year's PAT was suppressed primarily on account of IND AS adjustments as explained on slide 20

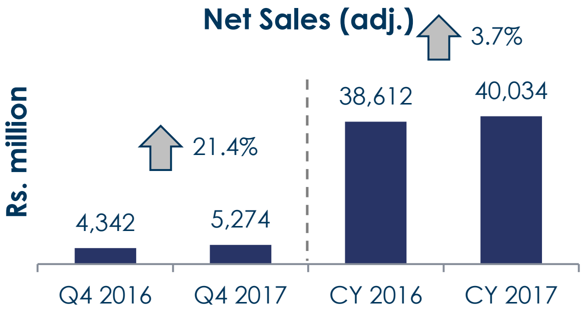
Balance Sheet

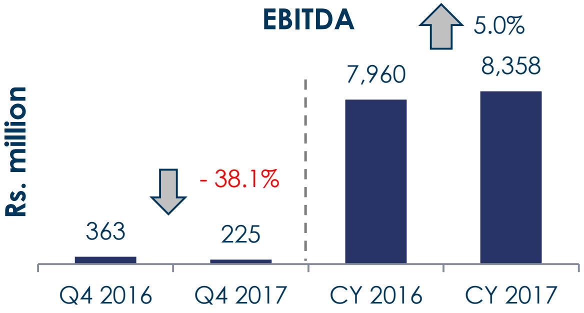
- Net capex during CY17 was Rs. 6,615 million which includes organic capex of ~ Rs. 3,915 million and in-organic capex of ~ Rs. 2,700 million for acquisition of parts of MP and Odisha sub-territories and CWIP for setting–up a green field plant in Nepal & Zimbabwe
- Net debt to equity stood at 1.3x primarily due to incremental debt availed at the fag end of the year for the acquisition of new territories in India and adjustments in equity due to Ind AS implementation
- Net working capital days remained steady at around 30 days in CY2017

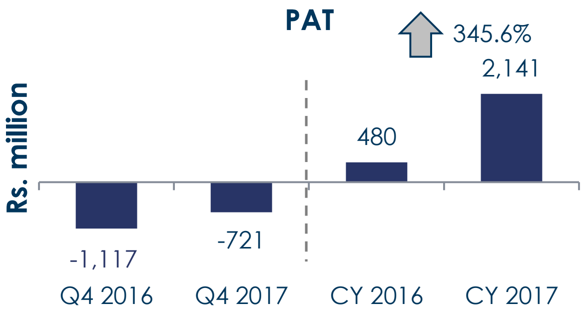
Performance Highlights

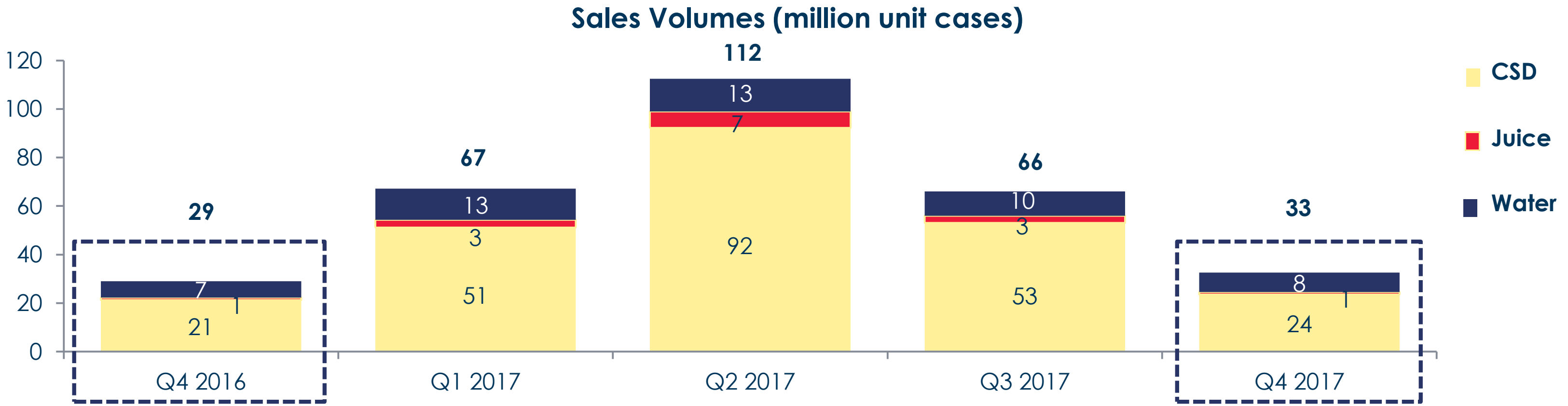
(a PepsiCo franchisee)

VBL has adopted Ind-AS framework starting Q1 CY2017. Prior period numbers for respective periods have been restated in compliance with Ind-AS for a meaningful comparison.









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

Profit & Loss Statement (Ind-AS format)

(a PepsiCo franchisee)

Particulars (Rs million)	Q4 2017	Q4 2016	YoY(%)	CY 2017	CY 2016	YoY (%)
1. Income						
(a) Revenue from operations	5,433.2	4,878.4	11.4%	45,162.4	45,314.6	-0.3%
(b) Other income	16.8	16.9	-0.1%	126.5	357.3	-64.6%
Total income from operations *(refer slide-18)*	**5,450.1**	**4,895.3**	11.3%	**45,288.9**	**45,671.9**	-0.8%
2. Expenses						
(a) Cost of materials consumed	2,485.1	1,880.9	32.1%	18,555.1	16,769.0	10.7%
(b) Excise duty	159.6	536.0	-70.2%	5,128.4	6,702.8	-23.5%
(c) Purchase of stock-in-trade	62.2	144.9	-57.1%	277.7	928.4	-70.1%
(d) Changes in inventories of FG, WIP and stock-in-trade	(629.5)	(270.9)	NA	(732.2)	(318.6)	NA
(e) Employee benefits expense	1,157.7	1,035.0	11.9%	4,628.4	4,210.3	9.9%
(f) Finance costs	526.2	1,008.7	-47.8%	2,121.8	4,325.4	-50.9%
(g) Depreciation and amortisation expense	880.0	901.5	-2.4%	3,466.4	3,222.1	7.6%
(h) Other expenses	1,973.4	1,189.5	65.9%	8,947.3	9,063.0	-1.3%
Total expenses	**6,614.7**	**6,425.5**	2.9%	**42,392.8**	**44,902.4**	-5.6%
3. Profit/(loss) before tax and share of profit in associate (1-2)	(1,164.6)	(1,530.3)	NA	2,896.0	769.6	276.3%
4. Share of profit in associate	4.6	5.8	-21.1%	13.5	23.8	-43.2%
5. Profit/(loss) before tax (3-4)	(1,160.0)	(1,524.4)	NA	2,909.5	793.4	266.7%
6. Tax expense:	(438.7)	(407.8)	NA	769.0	313.0	145.7%
7. Net profit/(loss) for the period (5-6)	**(721.3)**	**(1,116.6)**	NA	**2,140.6**	**480.4**	345.6%
8. Minority Interest	7.1	75.6	-90.6%	39.0	56.6	-31.1%

Note:
1. *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*
2. *VBL adopted Ind-AS framework starting Q1CY2017. Prior period numbers for respective periods have been restated in compliance with Ind-AS for a meaningful comparison.*

Balance Sheet (Ind-AS format)

(a PepsiCo franchisee)

Particulars (Rs million)	31-Dec-17	31-Dec-16
Equity and liabilities		
Equity		
(a) Equity share capital	1,825.87	1,823.13
(b) Other equity	15,868.41	15,112.82
(c) Non-controlling interest	(14.32)	(129.06)
Total equity	**17,679.96**	**16,806.89**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	16,869.95	12,183.61
(ii) Other financial liabilities	45.98	12.24
(b) Provisions	732.64	605.88
(c) Deferred tax liabilities (Net)	1,501.51	1,286.39
(d) Other non-current liabilities	73.83	142.23
Total non- current liabilities	**19,223.91**	**14,230.35**
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	3,533.65	4,111.29
(ii)Trade Payables	1,909.46	2,745.90
(iii)Other financial liabilities	8,781.33	8,344.68
(b) Other current liabilities	1,471.92	1,848.32
(c) Provisions	167.50	135.20
(d) Current tax liability	68.35	89.94
Total current liabilities	**15,932.21**	**17,275.33**
Total liabilities	**35,156.12**	**31,505.68**
Total Equity and liabilities	**52,836.08**	**48,312.57**

Particulars (Rs million)	31-Dec-17	31-Dec-16
Assets		
Non-current assets		
(a) Property, plant and equipment	35,411.66	33,558.49
(b) Capital work in progress	1,454.38	955.78
(c) Goodwill	19.40	-
(c) Other intangible assets	4,374.15	3,596.46
(d) Investment in associates	82.23	68.73
(e) Financial assets	209.19	171.67
(f) Deferred Tax Assets (Net)	80.04	68.35
(g) Other non-current assets	1,525.85	1,367.45
Total non-current assets	**43,148.90**	**39,786.93**
Current assets		
(a) Inventories	4,388.94	4,899.26
(b) Financial assets		
(i)Trade receivables	1,502.45	1,313.45
(ii)Cash and cash equivalents	649.46	325.00
(iii)Other bank balances	295.14	332.02
(iv) Others	933.63	204.45
(c) Current tax assets (Net)	0.13	0.07
(d) Other current assets	1,532.48	1,451.39
Total current assets	**9,302.23**	**8,525.64**
Assets held for sale	384.95	-
Total assets	**52,836.08**	**48,312.57**

Note:

1. VBL adopted Ind-AS framework starting Q1CY2017. Prior period numbers for respective periods have been restated in compliance with Ind-AS for a meaningful comparison.

GST Impact on Sales from Operations

(a PepsiCo franchisee)

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)	Q4 CY2017	Q4 CY2016	Change	CY2017	CY2016	Change
Gross sales/income from operations (A)	5,433.2	4,878.4	11.4%	45162.4	45,314.6	-0.3%
Excise duty on sale (B)	159.6*	536.0	-70.2%	5,128.4	6,702.8	-23.5%
Net sales from operations (A-B)	**5,273.6**	**4,342.4**	**21.4%**	**40,034.0**	**38,611.8**	**3.7%**
EBITDA	224.7	363.1	-38.1%	8,357.7	7,959.7	5.0%
Net profit for the period	(721.3)	(1,116.6)	NA	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*

Ind-AS Impact on VBL – Q4 & CY2016 P&L

(a PepsiCo franchisee)

Particulars (Rs million)	Q4 CY2016 IGAAP	Q4 CY2016 IND AS adjst.	Q4 CY2016 IND AS	CY2016 IGAAP	CY2016 IND AS adjst.	CY2016 IND AS
Income						
Revenue from operations	4,804.9	73.5	4,878.4	45,241.1	73.5	45,314.6
Other income	44.3	(27.4)	16.9	347.9	9.5	357.3
Total income from operations	**4,849.2**	**46.1**	**4,895.3**	**45,588.9**	**83.0**	**45,671.9**
Expenses						
Cost of materials consumed	1,880.9	-	1,880.9	16,769.0	-	16,769.0
Excise duty	536.0	-	536.0	6,702.8	-	6,702.8
Purchase of stock-in-trade	144.9	-	144.9	928.4	-	928.4
Changes in inventories	(270.9)	-	(270.9)	(318.6)	-	(318.6)
Employee benefits expense	1,018.0	17.0	1,035.0	4,262.3	(52.3)	4,210.3
Finance costs	498.9	509.8	1,008.7	2,147.9	2,177.4	4,325.4
Depreciation and amortization	925.8	(24.3)	901.5	3,723.7	(501.6)	3,222.1
Other expenses	1,296.0	(106.5)	1,189.5	8,944.4	118.6	9,063.0
Total expenses	**6,029.6**	**395.9**	**6,425.5**	**43,160.1**	**1,742.2**	**44,902.4**
Profit/(loss) before tax and share of profit in associate	**(1,180.5)**	**(349.8)**	(1,530.3)	**2,428.8**	**(1,659.2)**	769.6
Share of profit in associate	5.9	(0.1)	5.8	23.5	0.3	23.8
Profit/(loss) before tax	**(1,174.5)**	**(349.9)**	(1,524.4)	**2,452.3**	**(1,658.8)**	793.4
Tax expense	(289.2)	(118.6)	(407.8)	828.5	(515.6)	313.0
Net profit/(loss) for the period	**(885.3)**	**(231.3)**	**(1,116.6)**	**1,623.7**	**(1,143.3)**	**480.4**

Ind-AS Impact on VBL – Key Adjustments

(a PepsiCo franchisee)

A. NPV calculation of deferred consideration for territory acquisition – As per IND AS, interest free outstanding to PepsiCo is recalculated at its NPV resulting in following –

Balance Sheet:

i. Reduction in outstanding deferred liability

ii. Corresponding reduction in fixed assets acquired on acquisition from PepsiCo

P&L:

i. Notional provision of interest on the deferred consideration for the period available

ii. Reduction in depreciation due to decreased asset block

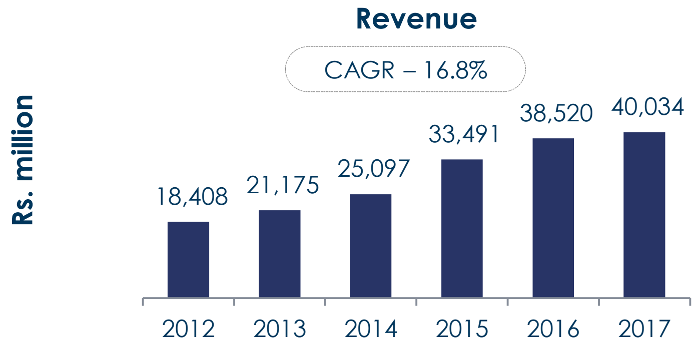
B. Franchise rights / trademarks under the head Intangible assets arising on territory acquisition – As per IND AS guidelines, the life of such rights is perpetual therefore are put to annual impairment testing instead of amortization at a fixed rate.

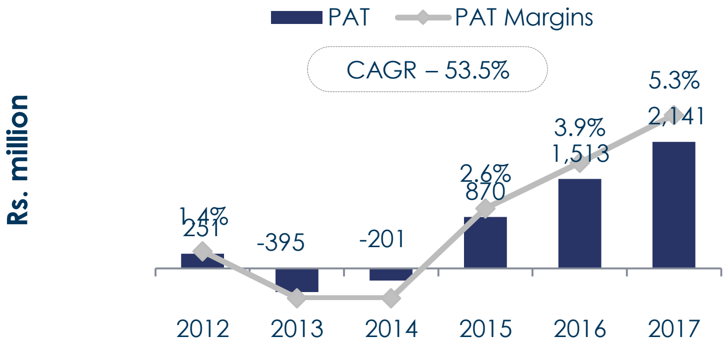
C. CCDs/CCPS – As per IND AS guidelines, any difference due to fair valuation on convertible financial instruments is taken through finance cost in P&L. These instruments have already been converted in CY2016 before IPO. Hence, there is no impact in CY2017.

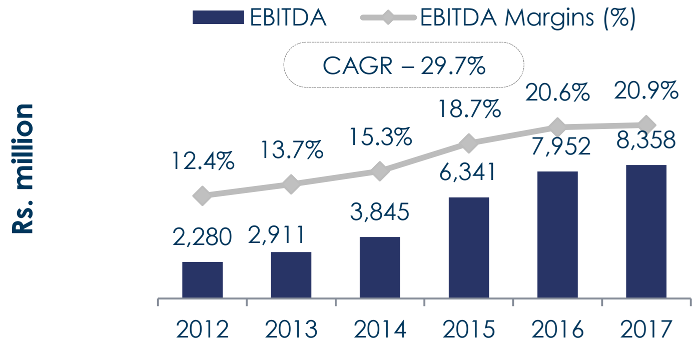
D. NPV calculation of interest free loans - As per IND AS, interest free loans are recalculated at its NPV

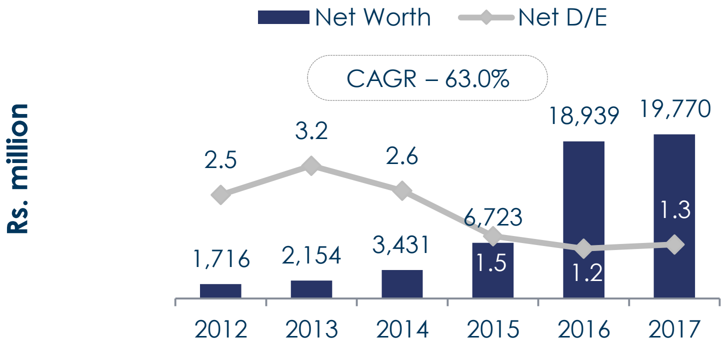
Financial Highlights (2012-17)

(a PepsiCo franchisee)









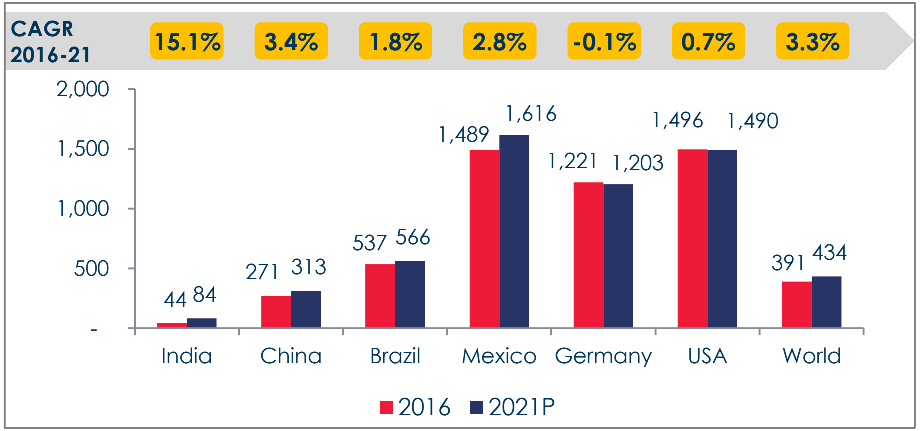
Note:

1. *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.*
2. *CY2017 financials are as per Ind AS and previous year numbers are as per IGAAP*

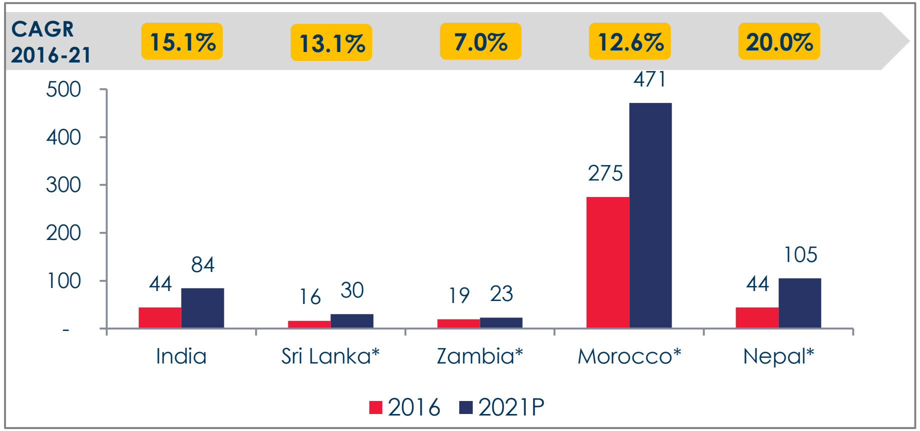
Broad-based Growth To Continue Across Soft Drink Categories in India

(a PepsiCo franchisee)

Global Markets - Per Capita Soft Drink Consumption (Per Capita bottles)



VBL Markets - Per Capita Soft Drink Consumption (Per Capita bottles)



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%**

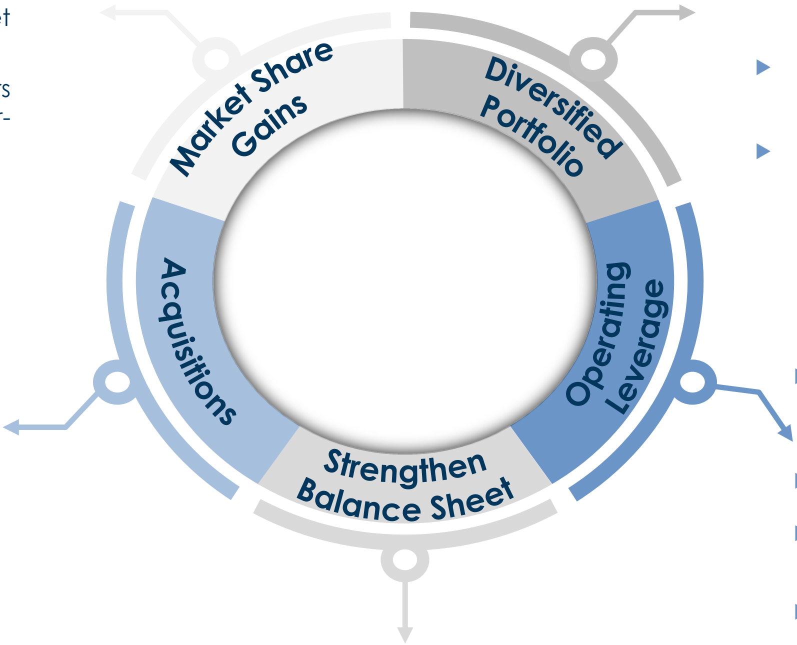
*Source: Euromonitor Report; Note: * denotes Modelled Countries: Data for modelled countries is created by pegging countries outside Euromonitor's research programme to those we do research, linking together those with a similar consumer culture and development level. **Others = Concentrates, RTD Tea,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

Outlook

(a PepsiCo franchisee)

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

- 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



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

- 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) Q4 & CY2017 Earnings Conference Call

Time	• 4:00 pm IST on Friday, February 16, 2018
Conference dial-in Primary number	• +91 22 3938 1071
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

(a PepsiCo franchisee)

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, Sports drink Gatorade, 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 of December 31, 2017, VBL has been granted franchises for various PepsiCo products across 21 States and two Union Territories in India. India is the largest market and contributed 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:*

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Thank You!