



VARUN BEVERAGES LIMITED



Corporate Off : Plot No.31, Institutional Area, Sec.-44, Gurgaon, Haryana-122002 (India)
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CIN No. : L74899DL1995PLC069839

November 6, 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 Symbol: VBL	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 Email: corp.relations@bseindia.com Security Code: 540180
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Sub: Regulation 30: Presentation on Unaudited Financial Results of the Company for the Quarter and Nine Months ended September 30, 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 and Nine Months ended September 30, 2023.

The same is also being uploaded on website of the Company at 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

November 6, 2023



(a PepsiCo franchisee)

Varun Beverages Limited

Q3 & 9M 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.

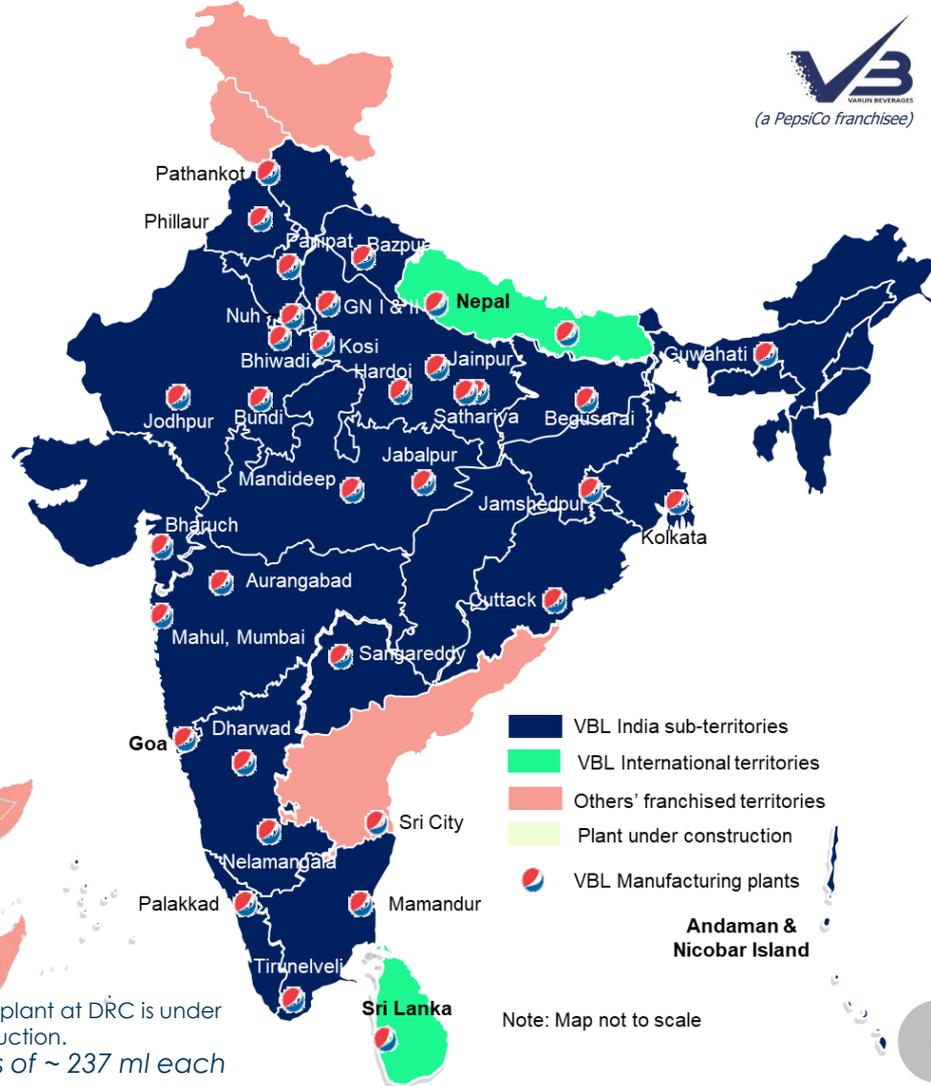


- 1 Company Overview
- 2 Chairman's Message
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Company Snapshot



- * **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 27 States and 7 UTs in India territory



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;">MANUFACTURING</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"> 39 state-of-the-art production facilities (33 in India & 6 in International territories) 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">SOLID INRASTRUCTURE</p>
<p style="text-align: center;">DISTRUBUTION & WAREHOUSING</p>	<ul style="list-style-type: none"> 110+ depots 2,400+ primary distributors 2,500+ owned vehicles 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">ROBUST SUPPLY CHAIN</p>
<p style="text-align: center;">CUSTOMER MANAGEMENT</p>	<ul style="list-style-type: none"> Installed 925,000+ visi-coolers VBL - local level promotion and in-store activation PepsiCo - brand development & consumer marketing 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">DEMAND DELIVERY</p>
<p style="text-align: center;">IN-MARKET EXECUTION</p>	<ul style="list-style-type: none"> Experienced region-specific sales team Responsible for category value/volume growth Responsible for reaching out to every 6th person in the world 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">MARKET SHARE GAINS</p>
<p style="text-align: center;">COST EFFICIENCIES</p>	<ul style="list-style-type: none"> Production optimization Backward integration (3 plants) Innovation (packaging etc.) 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">MARGIN EXPANSION</p>
<p style="text-align: center;">CASH MANAGEMENT</p>	<ul style="list-style-type: none"> Working capital efficiencies Disciplined capex investment Territory acquisition 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">ROE EXPANSION / FUTURE GROWTH</p>



Commenting on the performance for Q3 and 9M CY2023, Mr. Ravi Jaipuria, Chairman – Varun Beverages Limited said:

"We are pleased to report a robust quarter, achieving a top-line growth of 22% and a PAT growth of 30% YoY. Demonstrating remarkable resilience, our consolidated sales volumes registered a solid growth of 15% making a strong comeback following the unseasonal rains in Q2 CY2023 in India. Both our Indian and international markets contributed to this achievement with a healthy double-digit growth.

We have achieved notable progress on the operational front by making significant investments to develop both greenfield and brownfield manufacturing facilities throughout India. In addition, our greenfield facility in DRC is progressing well and is slated to be commissioned in the upcoming months. These strategic efforts are tailored to meet the rising consumption and to capture untapped market opportunities. As part of our commitment to diversifying and enhancing our portfolio, we are also enhancing our capacity for juices and value-added dairy beverages to align with evolving consumer demands.

As part of our long-term vision and in line with PepsiCo's global PEP+ objectives, we remain committed to sustainability and environmental stewardship. We are making investments that emphasize using green energy as well as reuse of PET which will be instrumental in mitigating environmental impact. These endeavors are aligned with our pledge to the environment and reflect our ambition to nurture a greener future.

Given India's dynamic demographic landscape, marked by a burgeoning young population and evolving consumption patterns, we believe the Indian beverage market offers a monumental growth opportunity for the decades ahead. As we intensify our foothold in India and expand our reach in Africa, our strategic initiatives are aimed towards strengthening our position in the global beverage industry."

Credit Rating Upgrade

- CRISIL (an S&P Global Company) has reaffirmed the companies long-term rating for bank loan facilities as CRISIL AA+/Stable.

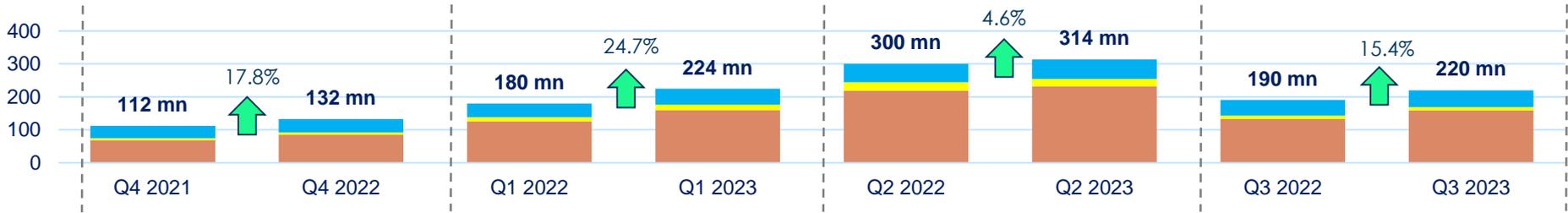
Acquisition of stake in Lunarmech Technologies Private Limited

- The Company on 16 October 2023, has acquired 5.03% shareholding in Lunarmech Technologies Private Limited for a purchase consideration of Rs. 100 million. Post acquisition, the Company is holding 60.07% of the effective equity share capital of Lunarmech Technologies Private Limited.

Results Overview



Quarterly Sales Volumes (Category-wise mn unit cases)



Period	Q4 2021		Q4 2022		Q1 2022		Q1 2023		Q2 2022		Q2 2023		Q3 2022		Q3 2023	
CSD	68	61%	85	65%	126	70%	160	71%	219	73%	232	74%	133	70%	159	72%
Juice	6	5%	7	5%	13	7%	16	7%	26	9%	23	7%	11	5%	11	5%
Water	38	34%	40	30%	41	23%	48	22%	55	18%	59	19%	46	25%	50	23%

Consolidated Profit & Loss Statement

Particulars (Rs. million)	Q3 2023	Q3 2022	YoY(%)	9M 2023	9M 2022	YoY (%)
1. Income						
(a) Revenue from operations	39,377.56	32,483.05	21.2%	135,900.81	111,333.57	22.1%
(b) Excise Duty	672.41	716.85	-6.2%	2,151.89	1,744.50	23.4%
Net Revenues	38,705.15	31,766.20	21.8%	133,748.92	109,589.07	22.0%
(c) Other income	185.06	106.19	74.3%	702.43	296.04	137.3%
2. Expenses						
(a) Cost of materials consumed	16,347.36	14,620.43	11.8%	58,177.72	52,291.97	11.3%
(b) Purchase of stock-in-trade	1,098.10	373.42	194.1%	3,605.06	1,462.10	146.6%
(c) Changes in inventories of FG, WIP and stock-in-trade	(148.42)	(280.87)	47.2%	697.15	(820.88)	-184.9%
(d) Employee benefits expense	3,715.52	3,112.08	19.4%	10,752.78	8,967.08	19.9%
(e) Finance costs	625.00	452.85	38.0%	1,944.40	1,386.38	40.3%
(f) Depreciation, amortisation and impairment expense	1,708.08	1,531.39	11.5%	5,149.34	4,375.31	17.7%
(g) Other expenses	8,871.19	6,951.28	27.6%	28,604.23	22,882.80	25.0%
Total expenses	32,216.83	26,760.58	20.4%	108,930.68	90,544.76	20.3%
EBITDA	8,821.40	6,989.86	26.2%	31,911.98	24,806.00	28.6%
3. Profit before share of loss of associate and joint venture (1-2)	6,673.38	5,111.81	30.5%	25,520.67	19,340.35	32.0%
4. Share of loss of associate and joint venture	(4.21)	-	NA	(6.87)	-	NA
5. Profit before tax (3+4)	6,669.17	5,111.81	30.5%	25,513.80	19,340.35	31.9%
6. Tax expense	1,528.60	1,156.96	32.1%	5,933.29	4,654.45	27.5%
7. Net profit after tax (5-6)	5,140.57	3,954.85	30.0%	19,580.51	14,685.90	33.3%

Discussion on Financial & Operational Performance

Sales Volumes / Net Revenues

- Consolidated sales volume grew by 15.4% to 220 million cases in Q3 CY2023 from 190 million cases in Q3 CY2022 led by double digit growth in both Indian (14.8% growth) & International (17.5% growth) markets. Volume growth in India bounced back strongly after the unseasonal rains in Q2 CY2023
- Net Revenue from operations grew by 21.8% YoY in Q3 CY2023 to Rs. 38,705 million driven by an increase in realization per case primarily in International markets.
- Net realization per case increased by 5.6% to Rs. 176.3 driven by an increase in realization per case primarily in International markets.
- CSD constituted 72%, JBD 5% and Packaged Drinking Water 23% in Q3 CY2023.

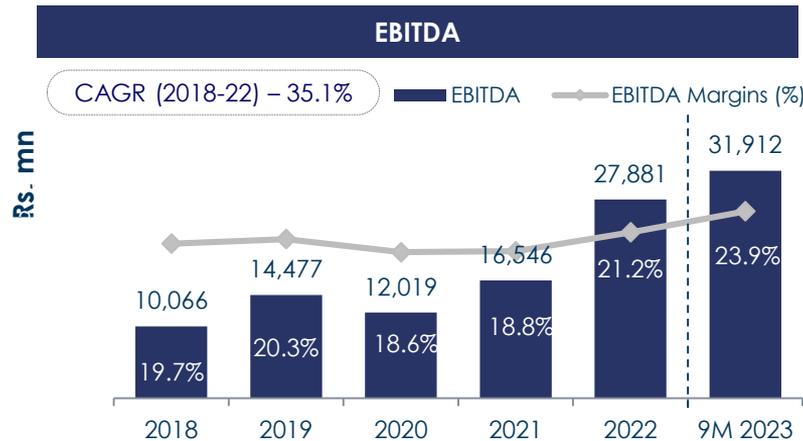
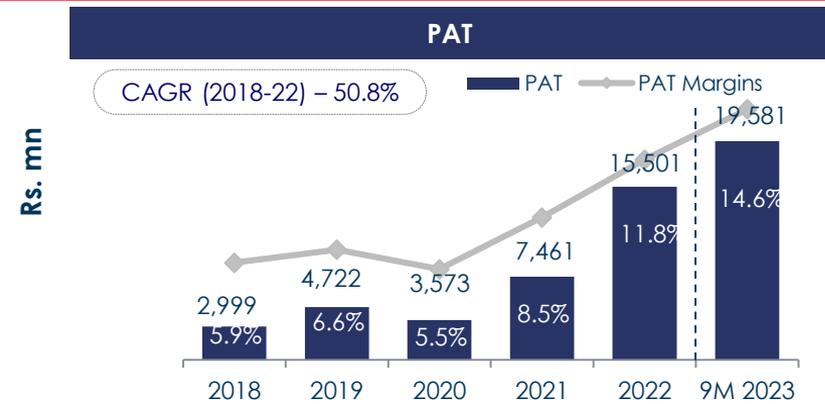
Gross Margins / EBITDA

- Gross margins during the quarter improved by 163 bps to 55.3% from 53.7% primarily because of softening of PET chips prices.
- EBITDA increased by 26.2% to Rs. 8,821.4 mn and EBITDA margins improved by 79 bps to 22.8% in Q3 CY2023 driven by higher gross margins and operational efficiencies.

PAT

- PAT increased by 30.0% to Rs. 5,140.6 million in Q3 CY2023 from Rs. 3,954.8 million in Q3 CY2022 driven by growth in revenue from operations and improvement in margins.
- Depreciation increased by 11.5% and Finance cost increased by 38.0% in Q3 CY2023 on account of capitalization of assets and setting-up of new production facilities.

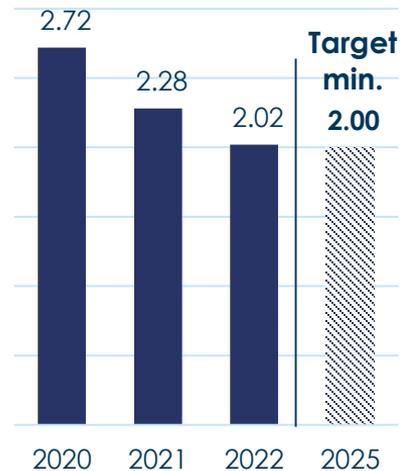
Performance Highlights (CY2018 – CY2022 & 9M CY2023)



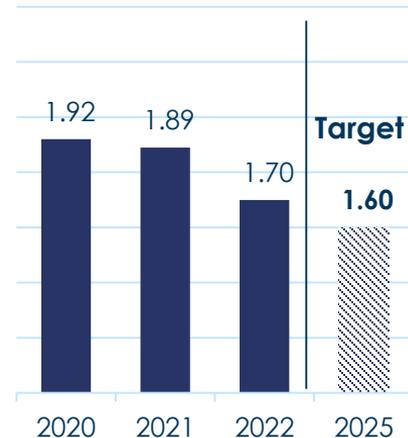
Sustainability Initiatives - Water Stewardship

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

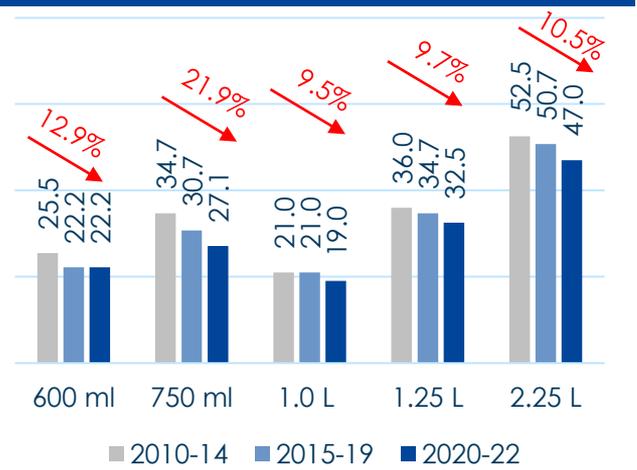
* Litres of water consumed per litre of beverage produced

- 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

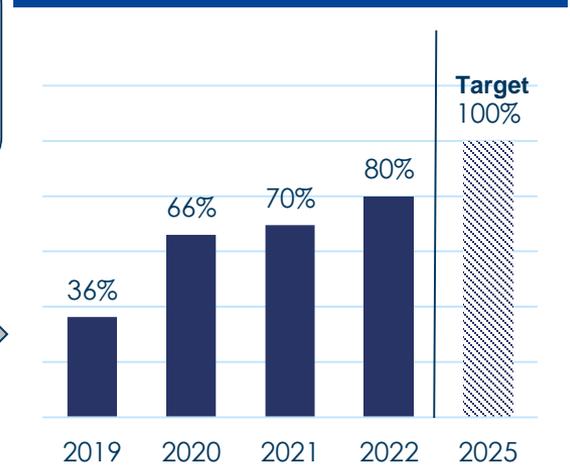
Weight Reduction of Pre-forms (grams)



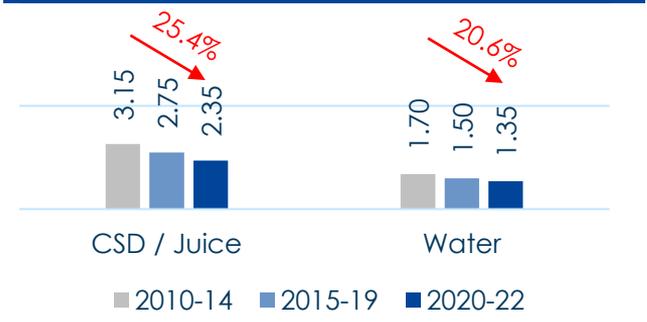
Plastic usage reduction through light weighting of Pre-forms and Closures for PET bottles. Phase-wise implementation of certain SKUs is under process

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

Plastic Waste Recycling %



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 ₂ 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
Total	690.70	856.81	360.54	229.80

* Grams / litre = Grams of CO₂e 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 Q3 and 9M CY2023 Earnings Conference Call

Time • Monday, November 6, 2023 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 ~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.varunbeverages.com or contact:

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Thank You!
