



**India First.  
India's First.**

Annual Report  
**2016**



**Varun Beverages Limited**

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## Forward Looking Statements

This report may contain some statements on the Company's business or financials which may be construed as forward looking based on the management's plans and assumptions. The actual results may be materially different from these forward-looking statements although we believe we have been prudent in our assumptions.



This annual report is also available  
online on our website :  
[www.varunpepsi.com](http://www.varunpepsi.com)



The spirit of **India first** is all about our

## Passion, Commitment & Determination...

to challenge limits, enhance competencies and dominate the beverage space in India

to put India on a global beverage map

to make India an important destination for PepsiCo

to create world-class manufacturing and distribution standards in India

We shall be able to achieve this spirit of **India first** by leveraging the achievements of our legacy of being **India's first** across diverse areas. This includes the distinction of being:

- Recognized as one of the first beverage manufacturers and distributors in India
- Amongst the first to receive PepsiCo's license for manufacturing and selling multiple beverage products across multiple locations in India
- Market-leaders in the Indian beverage space
- Our Chairman (Mr. Ravi Kant Jaipuria) is the first and the only Indian to have received PepsiCo's International Bottler of the Year Award in 1997
- First Indian beverage Franchisee Company with substantial backward manufacturing facilities listed on Indian Stock Exchanges.

**Yeh hai  
youngistaan  
meri jaan**



# Who We Are



WITH 21 PRODUCTION FACILITIES AND 276 MILLION CASES OF ANNUAL SALES VOLUME, VBL IS THE SECOND LARGEST PEPSICO FRANCHISEE FOR CARBONATED SOFT DRINKS (CSDs) AND NON-CARBONATED BEVERAGES (NCBs) IN THE WORLD (OUTSIDE USA).

## Profile

- Incorporated in 1995 and began commercial operations in 1996.
- A part of RJ Corp group, a diversified business conglomerate with interests in beverages, quick-service restaurants, dairy and healthcare.
- Promoted by Mr. Ravi Kant Jaipuria (founder Chairman).
- Engaged in the business of manufacturing and distributing PepsiCo's CSD and NCB products across licensed territories in India, Nepal, Sri Lanka (including Ole brand), Morocco, Zambia and Mozambique.

## Vision

To become the most successful and profitable Beverage Company in the world having market leadership in the territories we operate.

## Mission

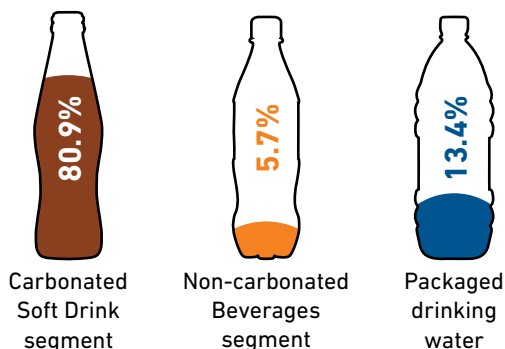
- Offering best quality & refreshing product to every customer & consumer.
- Being a preferred employer providing consistent growth path, respect & empowerment.
- Creating value for our stakeholders by driving excellence in our operations.
- Being responsible towards environment & society.

## Values

- We hold strong values in business and fully respect our customers, associates and community.
- Our diversity and unity brings creativity to our relationships within our group, and to our associates.
- We continuously excel to achieve and maintain leadership position in the chosen businesses; and delight all stakeholders by making economic value additions in all corporate functions.

## Snapshot of Business Segment

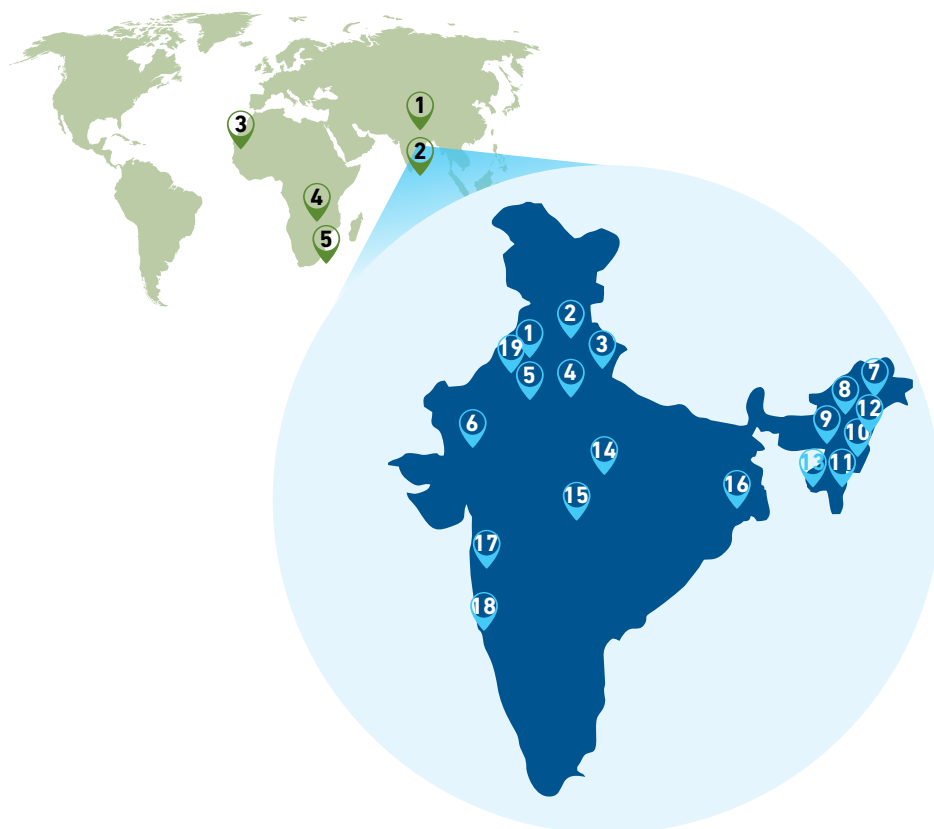
### Segmental sales volume break-up, 2016



## Certifications

- ISO 14001:2004 (environment) for facilities at Jainpur, Bhiwadi, Kolkata, Nuh and Alwar
- ISO 9001:2008 (quality) for facilities at Alwar and Jaipur
- ISO 18001:2007 (operational health and safety) for facilities at Nuh and Alwar
- FSSC 22000 (food safety system) certification for facilities at Greater Noida-I & II, Goa, Kolkata and Jaipur
- AIB international certificate for facilities at Bhiwadi, Goa, Jainpur, Bazpur, Greater Noida-I & II, Kolkata, Satharia, Kosi and Nuh

## Presence



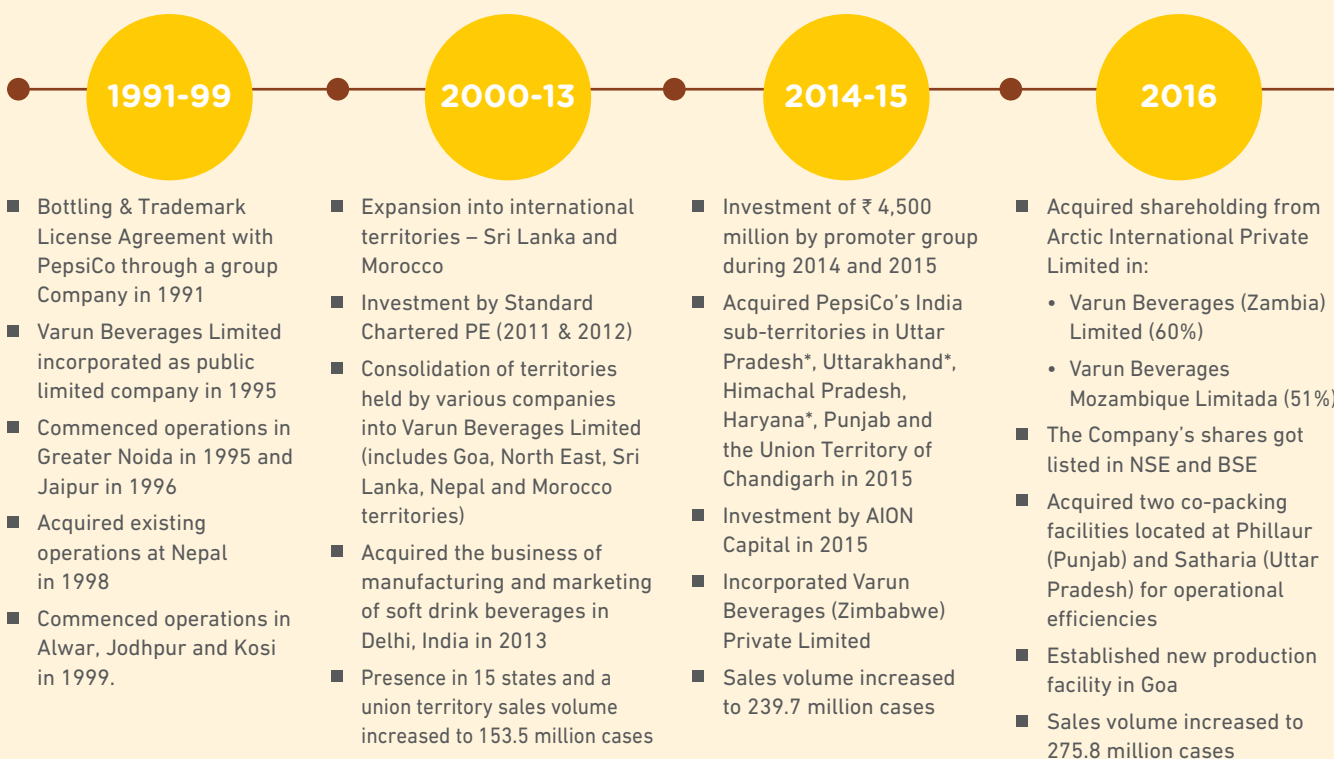
### India

- 1 - Punjab, 2 - Himachal Pradesh  
 3 - Uttarakhand, 4 - Delhi  
 5 - Haryana, 6 - Rajasthan  
 7 - Arunachal Pradesh, 8 - Assam  
 9 - Meghalaya, 10 - Manipur  
 11 - Mizoram, 12 - Nagaland  
 13 - Tripura, 14 - Uttar Pradesh  
 15 - Certain designated sub-territories in Madhya Pradesh  
 16 - West Bengal  
 17 - Certain designated sub-territories in Maharashtra  
 18 - Goa, 19 - Chandigarh

### Global

- 1-Nepal, 2-Sri Lanka, 3-Morocco,  
 4-Zambia, 5-Mozambique

## Journey Over the Years



\*Remaining parts of these sub-territories



## Flagship Brands

### CARBONATED SOFT DRINKS

Product	Variants & description
<b>Pepsi-Cola</b>	<ul style="list-style-type: none"> <li>■ Pepsi – Original cola drink</li> <li>■ Pepsi Max – Low-calorie and sugar-free cola</li> <li>■ Diet Pepsi – Classic sweetener blended no- calorie cola</li> </ul>
<b>Seven-Up</b>	<ul style="list-style-type: none"> <li>■ Seven-Up – Lemon-lime flavor, soft drink</li> <li>■ Seven-Up Nimbooz Masala Soda – Real lemon juice with tangy taste, juice-based drink</li> <li>■ Seven-Up Revive – Isotonic drink containing electrolytes, vital vitamins and less sugar</li> </ul>
<b>Mountain Dew</b>	Citrus flavoured drink
<b>Mirinda</b>	Fruit-flavored drink. Available in orange, pineapple, apple and lemon flavor
<b>Evervess</b>	<ul style="list-style-type: none"> <li>■ Evervess – Classic soda</li> <li>■ Teem Soda – Classic soda</li> <li>■ Duke's Soda – Various flavoured soda</li> </ul>

### NON-CARBONATED BEVERAGES

Product	Variants & description
<b>Tropicana Slice</b>	Mango-based drink
<b>Seven-Up Nimbooz</b>	With Real lemon juice, juice-based drink
<b>Tropicana Frutz</b>	Fruit juice in lychee, apple, mango, mix-fruit and orange flavors

### PACKAGED DRINKING WATER

Product	Variants & description
<b>Aquafina</b>	Packaged drinking water

# Refreshing Facts

## Industry Facts



**44** bottles

INDIA'S ANNUAL PER CAPITA SOFT DRINK CONSUMPTION IN 2016 COMPARED TO 1,489 BOTTLES IN MEXICO, 1,496 BOTTLES IN USA AND 391 BOTTLES WORLDWIDE - SIGNIFYING A HUGE OPPORTUNITY FOR GROWTH.

EXPECTED COMPOUNDED VOLUME GROWTH IN SOFT DRINK CONSUMPTION DURING 2016-21.

**15.1%**



India

**20%**



Nepal

**13.1%**



Sri Lanka

**12.6%**



Morocco

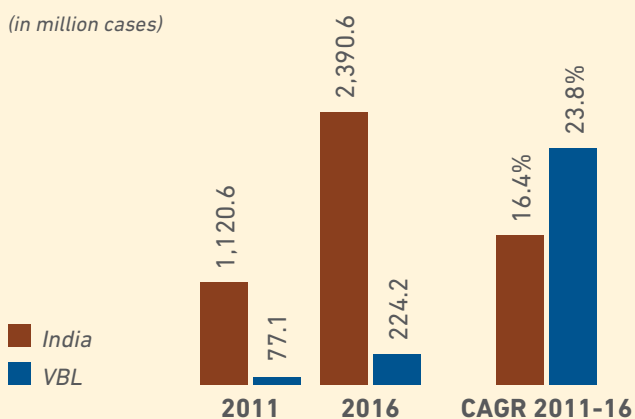
**7%**



Zambia

TOTAL VOLUME OF SOFT DRINK SALES IN INDIA VS. SOFT DRINK SALES OF VBL INDIA

(in million cases)



(Soft drinks include carbonates, bottled water, concentrates, juice, RTD tea, sports and energy drink)

**Note** - A unit case is equal to 5.678 litres beverage divided in 24 bottles of 237ml each  
- Source for Industry data - Soft Drinks Report 2017 by Euromonitor International

SEGMENT-WISE FORECAST OF COMPOUNDED GROWTH IN SOFT DRINK SALES VOLUMES IN INDIA DURING 2016-21



**19.8%**



**16.9%**



**6.8%**

## Company Facts



**6** Operational countries

**4,58,000** Visi-Coolers owned and installed

**21** State-of-the-art production facilities

**2,024** Distribution Vehicles owned

**25+** yrs Of strategic association with PepsiCo

**1,186** Primary distributors

**45%** Market share of VBL in PepsiCo's beverage sales volume in India\*

**6,045** Employees worldwide



**Mr. Ravi Kant Jaipuria**, the only Indian to have received the award for **PepsiCo's International Bottler of the Year Award** in 1997 and **Chairman's Club Award for PepsiCo's SAMEA region** in 2008.

### BRANDS MANUFACTURED AND DISTRIBUTED

#### Carbonated Soft Drinks



#### Non-carbonated Beverages



#### Packaged Drinking Water



\*Company estimates

# Key Highlights for the Year

## IPO Highlights

**▲ ₹6,675 million** Capital raised through fresh issue of shares in IPO

## Financial Highlights, 2016

**13.5% | 20.9%**

#Over 2015 | CAGR 2012-16

**Revenue Growth**

**73.8% | 56.7%**

#Over 2015 | CAGR 2012-16

**PAT Growth**

**25.4% | 36.7%**

#Over 2015 | CAGR 2012-16

**EBITDA Growth**

**74.2% | 34.0%**

#Over 2015 | CAGR 2012-16

**Networth Growth**

\* bp – basis points

**137 bp | 253 bp**

#Over 2015 | Over 2012

**PAT Margin Growth**

**196 bp | 824 bp**

#Over 2015 | Over 2012

**EBITDA Margin Growth**

**76%**  
Revenues from  
Indian Operations



**24%**  
Revenues from  
International  
Operations

\* CCD, issued to Private Equity investors are considered as equity in 2015

# Financials for 2015 are as per the restated consolidated financials as reported in the IPO prospectus