



2017

Annual Report
Varun Beverages Limited

**Consistently Refreshing.
Refreshingly Consistent.**



WHAT'S INSIDE?

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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 cautious in our assumptions.



CONSISTENT AND REFRESHING

Two different words with impact. Put together, the impact multiplies manifold.

This is explicit from the fact that we have for over two decades:

- Consistently delighted millions of consumers with high quality, refreshing PepsiCo beverages.
- Consistently catered to diverse consumer segments by adding new refreshing products to portfolio.
- Consistently grown volumes and territories.
- Consistently addressed business nuances and seasonality factor to deliver strong performance and sustained returns.

With our experience and expertise, vision and values, reach and presence, we are confident that the future will unlock new possibilities and potential.



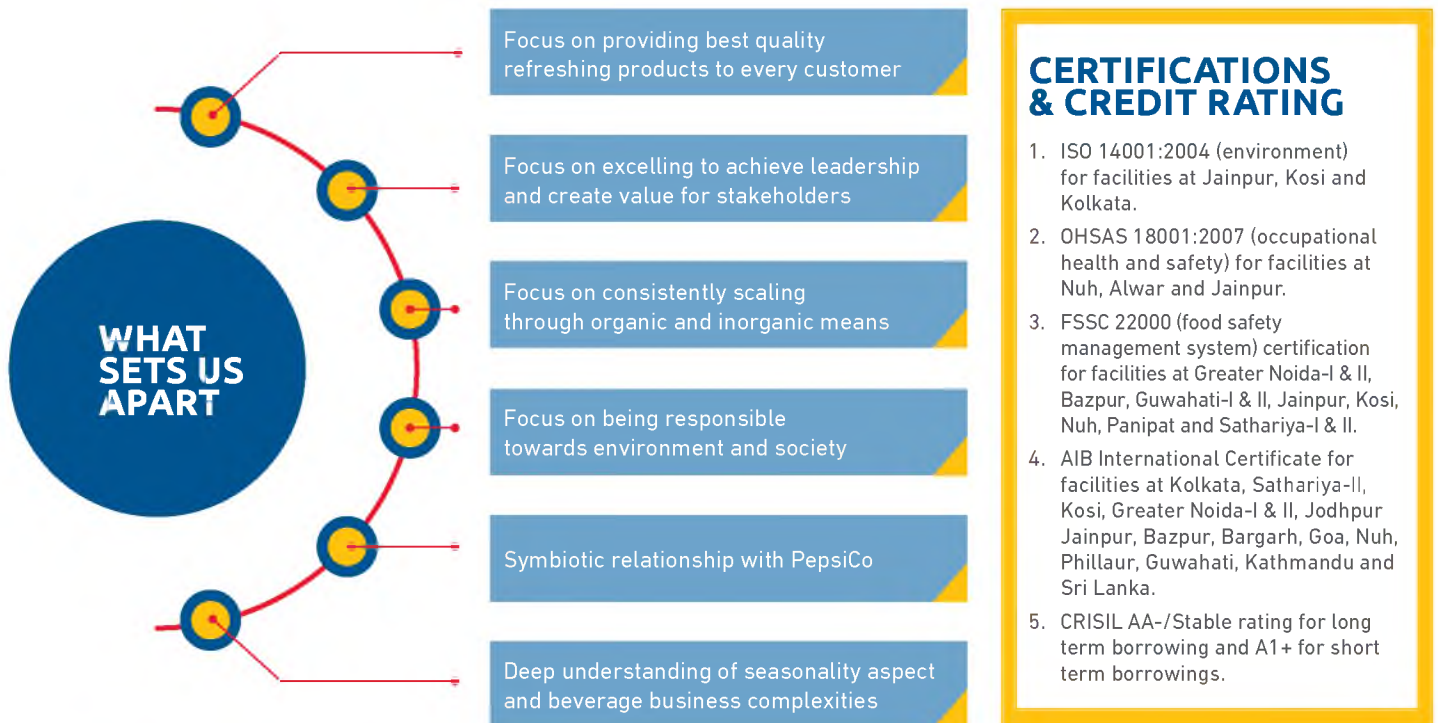


NOT JUST PARTNERS, WE ARE BUSINESS ENABLERS

We account for ~51% of PepsiCo's beverage sales volume in India.

With 279 million cases of beverages sold in 2017 across 6 countries, we are its second largest carbonated soft drinks (CSDs) and non-carbonated beverages (NCBs) franchisee in the world (outside the USA).

We are Varun Beverages Limited.



COMPANY FACTS

6

Countries

21

States & 2 Union Territories in India

25

Production facilities

~950 mn

Access to Total Population

~1 mn

Access to retail outlets

474,500

Visi-coolers

220 mn

Cases CSD**

14 mn

Cases NCB**

45 mn

Cases Packaged Drinking Water**

Note - * A unit case is equal to 5.678 liters of beverage divided in 24 bottles of ~ 237 ml each
The above figure are for sales volume in CY 2017

2017 India existing sub-territories

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

2018 India new sub-territories

- 19 Certain designated parts of Madhya Pradesh
20 Chhattisgarh
21 Bihar
22 Jharkhand
23 Odisha

2017 International existing sub-territories

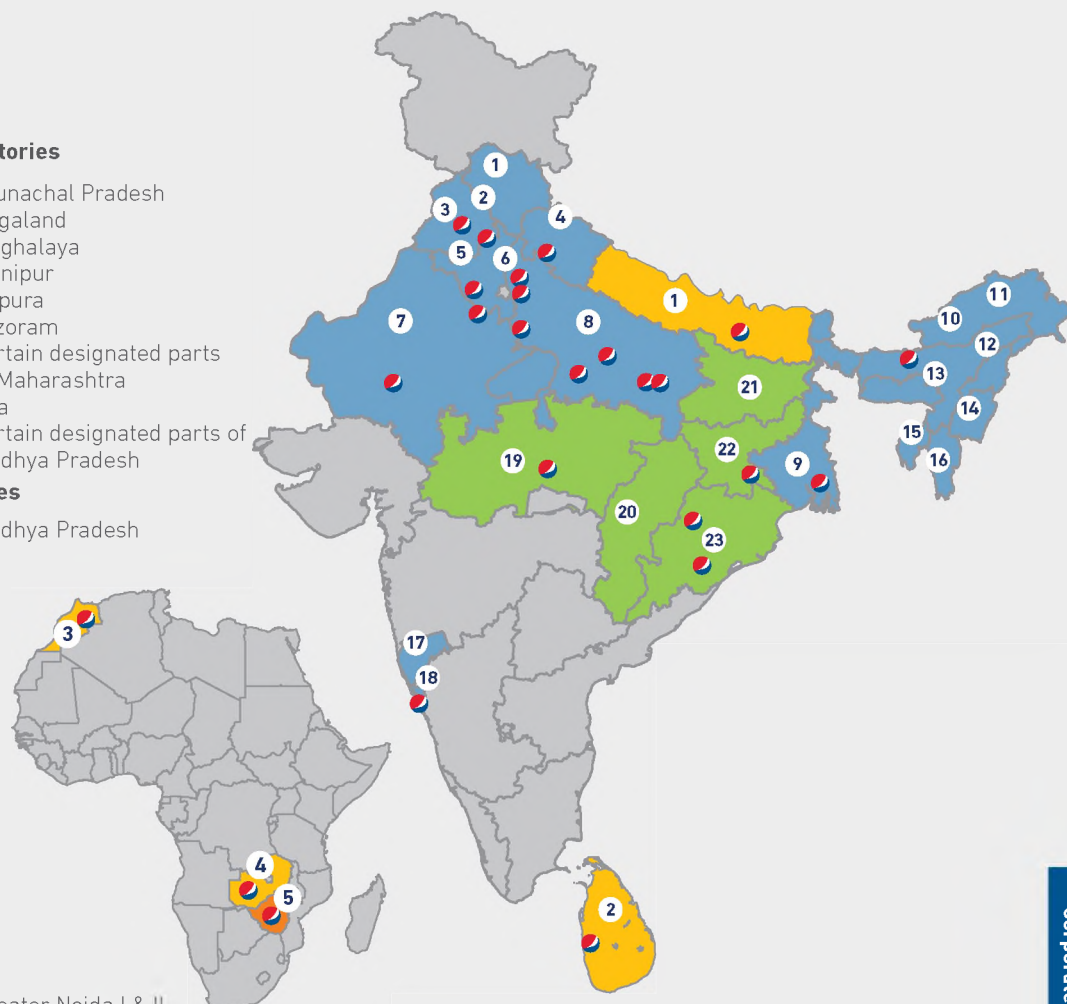
- 1 Nepal | 2 Sri Lanka |
3 Morocco | 4 Zambia

2018 International new sub-territories

- 5 Zimbabwe

Manufacturing plants

Phillaur, Panipat, Nuh, Bazpur, Greater Noida I & II, Kosi, Hardoi, Sathariya I & II, Jainpur, Bhiwadi, Jodhpur, Guwahati unit I & II, Sonarpur, Goa, Mandideep, Bargarh, Cuttack, Jamshedpur, Nepal, Sri Lanka, Morocco, Zambia & Zimbabwe



Note: Map not to scale

AWARDS

1997

PepsiCo's International Bottler of the Year

2008

Chairman's Club – PepsiCo SAMEA region

2009

BU Best Quality Plant Team Award for Kosi production facility

2010

PepsiCo AMEA Food Safety Award – Bronze for Greater Noida I production facility

2011

- PepsiCo's Bottler of the Year – Beverages
- PepsiCo AMEA Food Safety Award – Silver for Greater Noida I production facility
- PepsiCo Quality Excellence Bronze Award for Kosi production facility



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

2012

PepsiCo AMEA Food Safety Award – Gold for Greater Noida I production facility

2014

- CII National Award for Food Safety for Nuh production facility
- PepsiCo's Bottler of the Year

2015

VB Sri Lanka – FOB0 Unit of the year

2016






- VBL India – FOB0 Unit of the year
- VB Sri Lanka – FOB0 Country of the year

2017

- VB Nepal – Best Unit of the year
- VB Sri Lanka – Donald M. Kendall award by PepsiCo for Small Developing Markets
- VBL Sonarpur Plant – Best Plant Of The Year
- VBL Sonarpur Plant – CII Award for Food Safety

DIVERSIFIED AND SOLID PORTFOLIO OF PEPSICO LICENSED BRANDS




CARBONATED SOFT DRINKS

PRODUCT	VARIANTS & DESCRIPTION
PEPSI-COLA 	<ul style="list-style-type: none"> • Pepsi – Classic cola drink • Diet Pepsi – Low-calorie and sugar-free cola • Pepsi Max – Low-calorie and sugar-free cola • Pepsi Black – Zero calorie cola
SEVEN-UP 	<ul style="list-style-type: none"> • Seven-Up – Lemon-lime flavor soft drink
MOUNTAIN DEW 	<ul style="list-style-type: none"> • Citrus flavored drink
MIRINDA 	<ul style="list-style-type: none"> • Fruit-flavored drink. Available in orange, pineapple, apple and lemon flavor
EVERVESS 	<ul style="list-style-type: none"> • Evervess – Club soda • Teem Soda – Club soda • Duke's Soda – Club soda







FRUIT PULP / JUICE-BASED DRINKS

PRODUCT	VARIANTS & DESCRIPTION
TROPICANA SLICE 	<ul style="list-style-type: none"> Mango-based drink
SEVEN-UP NIMBOOZ 	<ul style="list-style-type: none"> Real lemon juice, juice-based drink
TROPICANA FRUTZ 	<ul style="list-style-type: none"> Fruit juice in lychee, apple, mango, mix-fruit and orange flavors

CARBONATED JUICE BASED DRINK

PRODUCT	VARIANTS & DESCRIPTION
SEVEN-UP NMS 	<ul style="list-style-type: none"> Seven-Up Nimbooz Masala Soda – Real lemon juice with tangy taste, juice-based drink

PACKAGED DRINKING WATER

PRODUCT	VARIANTS & DESCRIPTION
AQUAFINA 	<ul style="list-style-type: none"> Packaged drinking water



CONSISTENTLY LAUNCHING NEW BRANDS

PORTFOLIO WITH PURPOSE 2025



PEPSI BLACK

MAX
TASTE.
ZERO
CALORIES.

About	A zero calorie cola flavor CSD product
Launch Rationale	A part of PepsiCo's strategy to enhance focus on health and nutrition aspect in products, while reducing sugar content
Market Opportunity	Low-calorie carbonated beverages market in India pegged at 15.8 million liters in 2017 is expected to grow at a CAGR of 2.1% during the next five years to reach 17.5 million liters in 2022 (Source: Euromonitor Report)



STING

ELECTRIFYING
ENERGY,
ULTIMATE
TASTE.

About	A carbonated energy drink containing 50% less sugar than regular CSD products
Launch Rationale	A part of PepsiCo's strategy to venture in the energy drink segment. Availability at competitive price points compared to other brands in the segment would ensure market share build-up
Market Opportunity	Sports Energy drinks market in India pegged at 19.7 million liters in 2017 is expected to grow at a CAGR of 1.4% during the next five years and reach 21.1 million liters in 2022 (Source: Euromonitor Report)

"We are investing to reduce sugars in our global beverages in line with our 'portfolio with purpose 2025' goal. We are looking forward to bringing more variants of existing products in zero calories or no-sugar category. We'll keep rolling out products every 2-3 months" -Vipul Prakash, Senior Vice-President (beverages category), PepsiCo India.

ACQUIRED DISTRIBUTION RIGHTS FOR AN ALL-NEW PORTFOLIO



About	Real healthy fruit juice with no added sugar
Launch Rationale	Target the growing segment of health conscious consumers
Market Opportunity	Juice market pegged at 336 mn cases in 2017 is expected to grow strongly at a CAGR of 16.9% during the next five years and reach 495 mn cases in 2022 (Source: Euromonitor Report)



About	Nutritional sports drink
Launch Rationale	Sports themed beverage for rehydration
Market Opportunity	Sports drinks market in India pegged at 25.8 million liters in 2017 is expected to grow at a CAGR of 14.2% during the next five years and reach 50.2 million liters in 2022 (Source: Euromonitor Report)



About	A unique and nutritious combination of milk, fiber and oats while retaining smooth milky texture
Launch Rationale	Convenient on-the-go solution to boost morning nutrition for young Indians leading a rushed lifestyle
Market Opportunity	It is a completely new category launched by PepsiCo and is expected to grow very fast



PERFORMING IN A CHALLENGING YEAR

FINANCIAL HIGHLIGHTS, 2017

Revenue growth

3.7%

Over 2016

EBITDA growth

5.0%

Over 2016

PAT growth

345.6%

Over 2016

Net worth growth

8.9%

Over 2016

EBITDA margin growth

30 bps

Over 2016

PAT margin growth

411 bps

Over 2016

* bps – basis points

75%	25%
Revenues from Indian operations	Revenues from International operations