



# VARUN BEVERAGES LIMITED



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To,

BSE Limited Phiroze Jeejeebhoy Towers , Dalal Street, Mumbai – 400 001 <b>Email:</b> <a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a> <b>Security Code: 540180</b>	National Stock Exchange of India Ltd. Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 <b>Email :</b> <a href="mailto:cnlist@nse.co.in">cnlist@nse.co.in</a> <b>Symbol : VBL</b>
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**Sub: Press Release**

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Please find attached herewith a Press Release proposed to be issued by the Company.

Kindly take the same on your record and upload on your website.

Yours faithfully,

**For Varun Beverages Limited**

**Ravi Batra**  
**Chief Risk Officer & Group Company Secretary**



Encl. Press Release



(a PepsiCo franchisee)

## Varun Beverages plans to acquire franchise rights from SMV Group in Karnataka, Maharashtra and Madhya Pradesh.

Gurugram, 7 February 2019

The Board of Directors of Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, has approved its intent to enter into a binding agreement to acquire franchise rights from SMV Group in the State of Karnataka (13 districts), Maharashtra (14 districts) and Madhya Pradesh (3 districts), subject to the satisfactory completion of due diligence and other approvals including final approval of PepsiCo. These rights had previously been franchised by PepsiCo to SMV Group. Upon completion of these acquisitions, Company will be a franchisee of PepsiCo products across 22 States and 2 Union Territories of India.

These are highly under-penetrated regions and provide huge opportunity for increasing volumes and gaining market share. The proposed acquisition is in line with the Company's strategy to expand into contiguous territories to garner better operating leverage and asset utilization through economies of scale.

**Commenting on the development, Mr. Ravi Jaipuria, Chairman, Varun Beverages Ltd.** said, "We are happy to announce our intent to acquire the franchise rights of parts of the States of Karnataka, Maharashtra and Madhya Pradesh. This is part of our strategy to consolidate our presence in contiguous territories and garner market share. These are highly under-penetrated markets which offer long term, sustainable growth opportunities. Further, the manufacturing facilities are strategically located close to target markets which will reduce time to market and enable optimization of freight and logistics costs, aiding margin expansion."



**About Varun Beverages Limited:**

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, Evervess, Sting, Gatorade and Slice Fizzy Drinks. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Frutz, Tropicana Juices (100%, Delight, Essentials), Nimbooz, 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 on date, 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 further information, please contact:****Mr. Raj Gandhi / Deepak Dabas**

Varun Beverages Ltd

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Email: [anoop@cdr-india.com](mailto:anoop@cdr-india.com) / [varun@cdr-india.com](mailto:varun@cdr-india.com)**Safe Harbor**

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 Ltd (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.

